

# UMHLABUYALINGANA LOCAL MUNICIPALITY



## ANNUAL REPORT 2018/2019

*This Annual Report is drafted in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).*

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# CHAPTER 1

INTRODUCTION TO UMHLABUYALINGANA ANNUAL REPORT 2016/2017

MAYOR'S FOREWORD,

MUNICIPAL MANAGERS'S OVERVIEW

## INTRODUCTION

### UMHLABUYALINGANA MUNICIPALITY ANNUAL REPORT

The structure of Umhlabuyalingana Municipality Annual Report-2018/2019 is based on the revised Annual Report Template provided by the National Treasury, dated 31 July 2012.

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this report are explained as follows:

- Year -1: The previous financial year (2017/2018)
- Year 0: The financial year of reporting (2018/2019)
- Year 2: The following year, mostly requires future targets; and

The other financial years will follow a similar sequence as explained above.



## COMPONENT A: MAYOR'S FOREWORD



### VISION STATEMENT

To be a people centred premier socio-economic development and environmentally friendly service delivery municipality by 2030.

### MISSION STATEMENT

Creating an enabling environment and sustainable development which promotes quality of life.  
Core Values

### CORE VALUES

Integrity	Courtesy	Transparency
Redress	Quality service	Learning
Benchmarking	Good governance	Dialogue and Diversity
Commitment	Honesty	Partnership and Professionalism
Interpersonal skills	Responsibility	Consultation/Participation
Accessibility	Accountability	

**TABLE 1: LONG TERM DEVELOPMENT GOALS, OBJECTIVES AND STRATEGIES, STRUCTURED ITO SIX KPA'S INCLUDING KZN- KPA**

**Table 1: Municipal Transformation & Institutional Development**

<b>MUNICIPAL TRANSFORMATION &amp; INSTITUTIONAL DEVELOPMENT</b>		
<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>UNIT OF MEASURE</b>
To attract and retain qualified and experienced staff across the staff establishment	Development and approval of the reviewed Organogram	Council approved Reviewed Organogram
To attract and retain qualified and experienced staff across the staff establishment	Filling of vacant posts	Number
To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	Date
To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	Number
To attract and retain qualified and experienced staff across the staff establishment	Review and approval of retention strategy	Date
To attract and retain qualified and experienced staff across the staff establishment	Implementation of the Workplace skills plan	Percentage
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Number
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Date
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Date
To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	Date
To attract and retain qualified and experienced staff across the staff establishment	Conclusion of performance agreements in terms of section 54/56 of MSA	(a) Number and Date (b) Number

To manage and enhance the performance of the municipality	Submission of Quarterly Performance reports to Council	Number
To manage and enhance the performance of the municipality	Submission of Annual performance reports to Council	Date
To manage and enhance the performance of the municipality	Submission of Annual performance reports to AG	Date
To manage and enhance the performance of the municipality	Submission of 2017/18 Audited Annual report to Council	Date
To manage and enhance the performance of the municipality	Submission of Oversight Report to council	Date

**Table 2: Basic services Delivery and Infrastructure Development**

<b>BASIC SERVICES DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>		
<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>UNIT OF MEASURE</b>
To provide and improve access to community/public facilities to minimum standards	Construction of the multi-purpose/community centre	Area
To provide and improve access to community/public facilities to minimum standards	Construction of the community centre	Area
To provide and improve access to community/public facilities to minimum standards	Construction of community centre	Area
To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of roads (Library to post office black top road)	Number
To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of tarred road (IYK)	Number
To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of gravel road (Moses Zikhali)	Number
To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of gravel road (Othungwini)	Number of kilometres
To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of Causeway (Post Office)	Number of meters
To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of Mqobela gravel road	Number
To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Electrification of households (Mahlungulu electrification)	Number
To develop long term infrastructure development plans	Review Infrastructure and maintenance plan	Date
To develop long term infrastructure development plans	Review 3 year electricity plan	Date
enhance KZN waste management capacity	Management of waste	Date
enhance KZN waste management capacity	Management of waste	Date of licencing
enhance KZN waste management capacity	Management of waste	Percentage
Enhance safety and security	Review of Community Safety Plan	Date
Improve access to basic services	Review and approval of indigent policy	Date
Improve access to basic services	Updating and Approval of Final indigent register 2019/2020	Date
Improve access to basic services	Provision of free basic services	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number

To promote road safety	Provision of protection services	Number of Vehicles
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Conduct routine roadside roadblocks	Number
To promote road safety	Conduct Speed operations	Number
To promote road safety	Hold safety forum meetings	Number
To promote road safety	Hold road safety awareness campaigns	Number
To promote road safety	Conduct high visibility patrol	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number
To promote road safety	Provision of protection services	Number
To enhance skills development and life-long learning	Provision of library services	Number
To enhance skills development and life-long learning	Provision of library services	Number
To enhance skills development and life-long learning	Provision of library services	Number
To enhance skills development and life-long learning	Provision of library services	Number
To enhance skills development and life-long learning	Provision of library services	Number
To enhance skills development and life-long learning	Provision of library services	Number

**Table 3: Social and Economic Development**

SOCIAL AND ECONOMIC DEVELOPMENT		
OBJECTIVE	STRATEGY	UNIT OF MEASURE
To create an environment conducive for investment and economic growth	Review of LED Strategy	Date
To promote development of efficient and sustainable settlement pattern	To develop Kosi Bay Border Integrated Economic Development Plan	Date
To promote development of efficient and sustainable settlement pattern	To develop Banganek community beach plan	Date
To promote development of efficient and sustainable settlement pattern	To develop East3route Environmental Impact Assessment Report	Date

**Table 4: Municipal Financial Viability Management**

MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
OBJECTIVE	STRATEGY	UNIT OF MEASURE
To develop and maintain systems and procedures for effective and sound management of municipal finances	Preparation and Submission of adjustment budget to council	Date
To develop and maintain systems and procedures for effective and sound management of municipal finances	Approval of annual budget	Council approved 2019/20 Annual budget by 30 May 2019
To develop and maintain systems and procedures for effective and sound management of municipal finances	Comply with financial reporting requirements as outlined in the MFMA	Number
To improve revenue and all possible revenue streams applicable to KZN271	Implementation of revenue enhancement strategy	Percentage
To improve revenue and all possible revenue streams applicable to KZN271	Adoption and implementation of revenue enhancement strategy	Date
To improve revenue and all possible revenue streams applicable to KZN271	Approval of Supplementary Valuation Roll by Council	Date

**Table 5: Good Governance and Public Participation**

<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>		
<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>UNIT OF MEASURE</b>
to promote participative, facilitative and accountable governance	Holding of ward committee meetings	Number
to promote participative, facilitative and accountable governance	Holding of joint ward committee meetings	Number
to promote participative, facilitative and accountable governance	Compilation of ward committee reports	Number
To be fully compliant with the regulations	Submission of Quarterly SCM reports to Council	Number
To administer the affairs of the municipality in accordance with the relevant legislations and policies	Table Municipal Public Accounts Committee reports to Council	Number
To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Internal Audit Report to Audit Committee	Number
To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Audit Committee Reports to Council	Number
To develop a credible IDP in terms short medium-term guide for development and service delivery	Compile a credible 2019/20 IDP	Date
To Obtain and sustain improved and clean Audit Opinion	Design and implement a credible action plan on 2017-2018 AG findings	Percentage of 2017/18 AG Action Plans implemented
Ensure Functional Performance Management System implemented	Compilation and submission of B2B reports and Support Plans	Number
To provide adequate customer care to uMhlabuyalingana community	Review Batho Pele Policy, Procedure Manual and Service delivery charter	Date
To provide adequate customer care to uMhlabuyalingana community	Revision of Communication Strategy	Date
To provide adequate customer care to uMhlabuyalingana community	Revision, approval of customer care policy, Complaints Management policy	Date
To strengthen partnership with various stakeholders through communicating municipal business	Communication with stakeholders using print and electronic media	Number

To promote participative, facilitative and accountable governance	Holding of public participation meetings	Number
To develop a credible IDP in terms short medium-term guide for development and service delivery	Holding of consultative engagements in respect of IDP/Budget review	Number
To develop a credible IDP in terms short medium-term guide for development and service delivery	Holding of consultative engagements in respect of IDP	Number
Development Of a Credible IDP	Revision of a Credible Integrated Development Plan	Date

**Table 6: Cross Cutting Interventions**

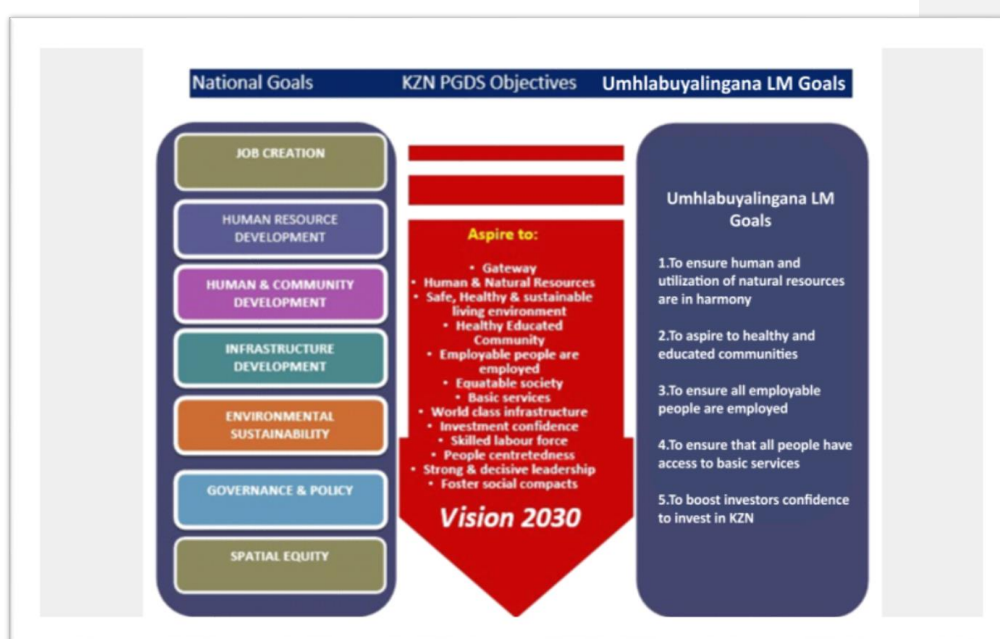
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		
OBJECTIVE	STRATEGY	UNIT OF MEASURE
To prevent and reduce the impact of disasters in Umhlabuyalingana	Review of Disaster Management Plan	Date
To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development framework (SDF)	Date
To promote development of efficient and sustainable settlement pattern	Develop Farm Zama Zama Precinct Plan	Date
To pro-actively identify and address potential risks that may affect the functioning of the organisation	Review Business Continuity Plan	Date
To implement and maintain compliant , effective and efficient risk management system and processes	To ensure effective risk management	(a) Number (b) Number
To pro-actively identify and address potential risks that may affect the functionality of the organisation	Preparation of updated Risk Management Implementation Plan	Date



## KEY POLICY DEVELOPMENTS

Strategic alignment to the Provincial Growth and Development Strategy and IDP strategies.

### NATIONAL GOALS KZN PGDS OBJECTIVES UMHLABUYALINGANA GOALS



## Key Service Delivery Improvements:

The Council of Umhlabuyalingana adopts a 5-year plan in a form of the IDP on an annual basis. This is reviewed as stipulated by the MSA. The IDP gives guide to the municipality in delivering its mandate. Key focus areas of performance are adopted from the national directive defined under the 6 Key Performance Areas (KPA's). Discussed below is the report on the performance of the municipality in terms of its IDP objectives. The report is set out in accordance to the 6 KPA's.

## **MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT (2018/2019) PROGRESS MADE**

### **DEVELOPMENT AND REVIEW OF POLICIES, PLANS, BYLAWS AND SOPS**

- Several policies, plans, and standard operating procedures were identified, developed and implemented in order to ensure successful achievement of the municipality's vision.

### **FILLING OF CRITICAL POSITIONS**

The following position which constituted senior management structure was filled during the 2018/2019 year term.

- Municipal Manager

### **CAPACITY BUILDING**

The Council of Umhlabuyalingana Municipality was provided with training in all relevant local government – governance requirements in order for it to provide sufficient oversight.

The municipality through the Corporate Services Department conducts skills audit on an annual basis in order to identify skills gap and ensure provision of training in order to bridge the skills gaps. Several municipal officials have been up-skilled through this process.

### **PERFORMANCE MANAGEMENT**

The municipality has developed an Organisational Performance Management Framework and Individual Performance Management Policy. These documents are reviewed on an annual basis. Performance Management System is a strategic approach to management, which equips councillors, managers, employees and other stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of Umhlabuyalingana Municipality in terms of indicators and targets for efficiency, effectiveness and impact. This system will therefore in turn ensure that all the councillors, managers and individuals in the municipality are held accountable for their actions which should bring about improved service delivery and value for money.

Performance management is aimed at ensuring that the municipality monitors its IDP and continuously improve its operations. The performance management system has assisted to make a significant contribution to organisational and individual performance. The system is designed to improve strategic focus and organisational effectiveness through continuously seeking to improve the performance of the municipality as a whole and the individuals in it.

## BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

OBJECTIVE	UNIT OF MEASURE	PROJECT	FINANCIAL YEAR	STATUS
To provide and improve access to community/public facilities to minimum standards	Area	Construction of Manguzi Multi-purpose centre	2018/2019	Target achieved (1500m <sup>2</sup> of roof structure completed for Manguzi Multi-purpose centre)
To provide and improve access to community/public facilities to minimum standards	Area	Construction of Mvelabusha community centre	2018/2019	Target achieved (290m <sup>2</sup> of Mvelabusha community centre completed with engineers completion certificate by 30 June 2019)
To provide and improve access to community/public facilities to minimum standards	Area	Construction of Manzibomvu community centre	2018/2019	Target achieved (290m <sup>2</sup> of Manzibomvu community centre completed with engineers completion certificate by 30 June 2019)
To provide and facilitate vehicular movement in Umhlabuyalingana	Number	Construction of Library to post office black top road	2018/2019	Target not achieved (0,7 km of Library to Post Office black top road completed)
To provide and facilitate vehicular movement in Umhlabuyalingana	Number	Construction of IYK tarred road	2018/2019	Target achieved (1 km of road layer works completed for IYK tarred road)
To provide and facilitate vehicular movement in Umhlabuyalingana	Number	Construction of Moses Zikhali gravel road	2018/2019	Target achieved (3.4 km of Moses Zikhali gravel road completed by 30 June 2019 with engineer's completion certificate.)
To provide and facilitate vehicular movement in Umhlabuyalingana	Number of kilometres	Construction of Othungwini gravel road	2018/2019	Target achieved (0,5km of Othungwini Road completed by 30 June 2019 with engineer's completion certificate.)
To provide and facilitate vehicular movement in Umhlabuyalingana	Number of meters	Construction of Post office Causeway	2018/2019	Target achieved (8 meters of Post Office Causeway completed by 30 June 2019)
To provide and facilitate vehicular movement in Umhlabuyalingana	Number	Construction of Mqobela gravel road	2018/2019	Target achieved (5.2 km of Mqobela Road completed by 30 June 2019 with engineers completion certificate)
To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Number	Mahlungulu electrification (300 households)	2018/2019	Target not achieved (162 households electrified at Mahlungulu Extension by 30 June 2019)



## WASTE MANAGEMENT SECTION

- Reviewed Umhlabuyalingana Waste By-Laws
- Reviewed Umhlabuyalingana Waste Management Policy
- Reviewed Integrated Waste Management Plan
- Reviewed refuse collection tariffs

## SPECIAL SOCIAL PROGRAMMES

- **Local Aids Council** to deal with issues such as HIV/AIDS, Teenage pregnancy, and TB.
- **Women's Forum** to deal with all women related issues under Umhlabuyalingana Municipality
- **Youth Council** to deal with all youth related issues under Umhlabuyalingana Municipality, e.g. career guidance exhibition.
- **Disability Forum** to look into all issues pertaining to people living with disabilities.
- **Sports Programs** in all wards where the leagues are being funded
- **Arts and Culture Programs** to unearth talents, through music, drama and dance.

## INDIGENT REGISTER

The municipality reviewed an indigent policy which seeks to provide financial relief to the citizens of the communities who are unable to afford basic services. The municipality could not finalise the issue of an updated and will be finalised during 2019/2020 financial year. The municipality also took an initiative to update the indigent register on a quarterly and annual basis to re-assess the existing beneficiaries' affordability and extend to those that are needy.

The municipality has a tertiary registration program which assists learners who are needy to be able to register in tertiary institutions, as a result hundreds of young people from Umhlabuyalingana have had access to tertiary education and many have graduated through this initiative. Ward Councillors have played a big role in the identification of learners in their communities.

## ARTS AND CULTURE

The municipality supported 2 reed dance (Umkhosi Womhlanga) at Ingwavuma and Nongoma. The Municipality supports participation and also funds the participants for all four Amakhosi areas of Umhlabuyalingana.

## TRAFFIC

The Municipality has provided the services of Driving License Testing Centre since 2009. During 2018/19 financial year, more than hundred thousand people (100 00) had access to different services in our DLTC. Services offered at the DLTC have also played a role in improving the local economy in the area i.e. public transport, driving schools businesses and provisions of the temporary accommodation for learners.

During 2017/18, our licensing unit extended the services to include the services of registering authority (i.e. vehicle licensing). The owners of the vehicles in the area were traveling up to 160 km to access the said services. 1 319 vehicles were licensed during 2017/2018 financial year which also improved our own revenue base.

## **LAW ENFORCEMENT UNIT**

Our law enforcement unit is responsible for providing the following services; traffic law enforcement, enforcement of municipal bylaws, road safety and to respond to all accidents/incidents in the area.

During 2017/18, our unit has introduced shift work in order to ensure that our officers are available every day including weekends and public holidays. The accidents which result in death or injury of people in the area of our jurisdiction have been dramatically decreased due to our effective law enforcement strategies. The increase in the drivers involved in accidents arrested for drunken driving.

## **LOCAL ECONOMIC DEVELOPMENT**

### **TOURISM DEVELOPMENT AND PROMOTION**

- Phase 01 conference facility construction completed, phase 02 to commence on 2018-19
- 03 tourism students obtained two years course in Wine service training which began in April 2018 and will end on March 2020.
- 05 unemployed graduates obtained training in hospitality practice that is conducted by CATHSETA, this course began in June 2018 and will end in May 2019.
- Two potential community owned tourism campsite received funding for rehabilitation (Banganek Community Tourism Camp site) panel of engineers were hired to conduct feasibility, planning and designs.
- Municipality received funding for development of integrated Kosi Bay border development plan.
- Developed an East 3 route environmental impact assessment for construction of market stalls at Kosi Bay border gate.
- Received R1, 000,000.00 funding for development of the Youth Enterprise park, Consultant hired for conduction of planning and designs.

### **SMME SUPPORT**

- 40 Youth SMMEs received training, coaching and mentorship, programme was funded by COGTA and coaching provided by FNB
- Forty two (42) SMME's including informal traders and cooperatives were monitored and evaluated for growth and development.
- Eight (08) cooperatives received training in sewing

#### **EXPANDED PUBLIC WORKS PROGRAMME (EPWP)**

- A total number of 208 job opportunities have been maintained through the Expanded Public Works Programme
- 40 EPWP participants at Municipal landfill sites obtained training in environmental practice that was offered by Department of Public Works.

#### **COMMUNITY WORKS PROGRAMME (CWP)**

- A total number of one thousand seven hundred and one (1 741) job opportunities have been created through the Community Works Programme.

### **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

#### **COUNCIL OVERSIGHT STRUCTURES**

The municipality has the following committees to ensure efficient oversight over the municipality's administration:

- Council
- Executive Committee
- Portfolio Committees
- MPAC
- Audit Committee
- Performance Audit Committee

The above-mentioned structures are in place and are fully resourced, capacitated and operational.

- In terms of Section 81 of the Municipal Structures Act, there is still a challenge regarding the full participation of Amakhosi within Umhlabuyalingana Municipality in Municipal Council Meetings.

#### **WARD COMMITTEES**

- Elected ward committees in all 18 wards, each ward has 10 members and are fully functional.
- Trained all Ward Committee Structures
- Ward Committee Reports are timeously submitted

#### **INTERNAL AUDIT**

The municipality has an established an Internal Audit Unit. Because it is not a fully-fledged unit 70% of the unit's function has been outsourced. This has not in any way compromised the Council's Internal Audit's objectives in terms of governance requirements.

## **RISK MANAGEMENT**

The municipality established a risk management unit, through which strategic risk management documents such as the Enterprise Risk Management Framework, Risk Management Strategy and policy and the Risk Management Implementation Plan have been developed in order to ensure a systematic process of risk management within the municipality. An assessment of the municipality's risk is done on an annual basis in order to ensure optimum achievement of the municipality's objectives. This process allows for prioritisation and monitoring of the identified risks.

## **COMMUNICATIONS**

Umhlabyalingana Municipality has a Communication strategy in place. This document outlines the municipality's strategies and processes of communication with all municipal stakeholders as per the recommendations of the language policy.

## **MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

### **MUNICIPAL PROPERTY RATE ACT.**

The municipality developed the General Valuation Roll in 2014 financial year which is valid for four years, wherein the municipality develop Supplementary Valuation Roll which is performed annually to accommodate new development which have occurred after the adoption of the General Valuation Roll by the municipal council.

### **REVENUE ENHANCEMENT STRATEGY**

It is vital to indicate that our municipality is still grants dependant, however the municipality is trying its level best to enhance the own revenue generation with in its area of jurisdiction. Over and above management has introduced cost cutting measures. The Revenue Enhancement Strategy has adopted by management has certain strategies to encourage property owners to pay for services and taxes, wherein meetings have been held between the municipality and property owners to discuss discounts and certain write offs. The municipality has also appointed legal firms to assist the municipality with recovery of amounts owed to the municipality.

## **ASSET MANAGEMENT**

The municipality acquired a financial system that included asset management module, which is being utilised to monitor municipal asset on daily basis. The assets module is assists the municipality to produce or compile a GRAP compliant asset register. Asset verification, was performed and council was advised accordingly to take necessary resolution to write off assets that are eligible to be written off from the asset register

## **SUPPLY CHAIN MANAGEMENT**

The supply chain management unit has a full staff compliment within the finance department wherein the following employees were appointed, SCM Officer, Bid Committee clerk and SCM



Clerk to try and accommodate the compliance issues that related to SCM. The SCM policy was reviewed and adopted by council towards the end of the 2017/2018 Financial Year to allow new changes in the current legislations.

#### **AUDITOR GENERAL'S –AUDIT OUTCOME 2014/15, 2015/2016 AND 2016/2017, 2017/2018**

The municipality acquired a clean administration in the 2014-15, 2015/2016 and 2016/2017 financial years and received an unqualified audit opinion in 2017/2018 financial year. The municipality developed an action plan to address issues which were raised as matters of emphasis. Oversight responsibilities are performed monthly by councillors during the council and portfolio committee meetings.

#### **CROSS CUTTING INTERVENTIONS**

##### **DISASTER MANAGEMENT PLAN:**

- **DISASTER RISK MANAGEMENT** (incorporation fire and rescue services unit) the number of employees has increased from 2 to 11 in the last 5 years the Municipality. The unit conduct a number of awareness campaigns in the area. The unit also embark on number of proactive measures to reduce the number of incidents in the area. Amongst other things the disaster management unit conducts inspections in public facilities and businesses. The unit has managed to provide temporal relief to almost 99% of the reported incidents.
- **Manguzi Land Use Management Scheme** to provide for a Legal Framework in which land use management operate, Appropriate land use and general definitions, Standard Zones and Districts which will apply throughout the municipality, Statements of intent to guide decisions for each zone, Appropriate controls for each zone, district and management area, as where applicable, Procedures for considering the use, development and subdivision of land and furthermore enable the efficient and coordinated use of land
- **SPLUMA By-laws:** The municipality has adopted the planning by-laws and have been gazetted.
- **Mbazwana, Phumobala and Skhemelele Rural Precinct Plans** to give effect to the development principles contained in the Spatial Planning & Land Use Management Act including:- Spatial Justice; Spatial Sustainability; Efficiency; Spatial Resilience; and, Good Administration. The plans set out objectives that reflect desired spatial form of the rural municipality. A Rural Precinct Plan demonstrates the relationship between the rural precinct planning intent and other planning initiatives such as local economic development strategies, Revitalization of Rural Towns, infrastructure planning, natural resource management plans and environmental management strategies and should encourage and support rural economic development opportunities.

## PUBLIC PARTICIPATION

Public participation is important to determine the exact needs that exist in the communities in relation to the developmental priorities during the public meetings and information gathering. Umhlabuyalingana Municipality is utilizing the following mechanisms for public participation when developing its IDP.

- **IDP Representative Forum (IDP RF):** This forum represents all stakeholders and key interested and affected parties. This includes the ward committees, Amakhosi, Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), etc.
- **Media:** Local newspapers are used to inform the public about progress with the IDP and to invite comments on the process plan, draft IDP and final adoption of the IDP.
- **Radio Slots:** The community radio station is used to make public announcements where necessary.
- **Umhlabuyalingana Website:** Copies of the IDP and Budget and other documents are placed on the website for people and service providers to download.
- **Ward Committees:** Umhlabuyalingana Municipality has adopted the Ward Committee policy which has resulted to the establishment of ward committees. The municipality considers ward committees as one of the institutional bodies to fast-track service delivery. They are represented in the IDP RF meetings and their input is always considered. They are also being used to disseminate the information about the agenda of the municipality.
- **IDP Review Process Plan:** The Council approved the IDP Review Process Plan with planned with activities and meeting dates.

## FUTURE ACTIONS:

The Initiatives committed whereby service delivery was improved over the next few years was addressed in the Vision Section above, refer to a table on Long Term Development Goals, Objectives and Strategies Structured into 6KPA's including KZN-KPA. Furthermore, Council approved 2018/2019 IDP and Service Delivery, Budget and Implementation Plan (SDBIP) which details the municipality's planned programmes and projects for 2018/2019 and beyond.

## AGREEMENTS / PARTNERSHIPS: ANNOUNCEMENTS ON SPECIAL PARTNERSHIPS INITIATED.

- UMngeni Water and UMhlathuze
- District IGR-TORs

## CONCLUSION:

It gives me pleasure to present 2018/2019 Annual Report which is a detailed account of the municipal performance for the previous financial year. The report is in line with the requirements of the Municipal Finance Management Act, 56 of 2003 and other relevant pieces of legislation that dictate transparency and accountability in execution of the municipal mandate.

The past year was largely characterized by unpleasant economic outlook with continuous negative effects on the Municipal capacity to eradicate poverty, curb unemployment, creation of opportunities and service delivery. It is unfortunate that these economic conditions were beyond the control of the Municipality.

Notwithstanding the above, the year 2018/2019 was a progressive period albeit presented the Municipality with a plethora of challenges. However, tangible effort was made to deliver the Municipality's priority programmes as outlined in the broader Municipal Integrated Development Plan (IDP). As such significant strides were made to address service delivery backlogs which hindered positive narrative on service delivery.

The collaborations and the spirit of working together that we have experienced in the year under review clearly demonstrate the fact that we are indeed a people's centred Municipality that continuously strengthening various platforms aimed at building firm relations with all the community stakeholders.

The prevailing high levels of unemployment and poverty undermine our efforts to provide sustainable services in disadvantaged communities. Furthermore, we are equally concerned by the rate of crime, HIV and AIDS prevalence, alcohol and substance abuse, ritual murders, women and children abuse within our Municipality. We therefore pledge to continue partnering with sector departments and civil society organizations in ameliorating the scourge of these social ills. Our Municipality also acknowledges the significant role played by the Expanded Public Works Programme (EPWP) which serves as a fundamental tool to alleviate poverty and unemployment. Moreover, for this financial year resources have been harnessed in assisting local small businesses and cooperatives in various sectors of the economy. The triple challenge of poverty, unemployment and equality require us to remain resolute in our determination to tackle them head on as we strive towards becoming an equitable, non-racial, prosperous, non-sexist and just society where everyone is cared for without neglect.

As part of promotion of good governance, a series of mayoral outreach programs were undertaken aimed at maintaining direct interaction with our communities. These platforms created strong synergy between the Municipality and members of the public which is central in building a strong and coherent municipal institution.

In accordance with the council approved organisational scorecard annual targets, the municipality had set itself 94 targets. Out of 94 targets, 81 were achieved and 13 were not achieved. The overall performance as at the financial year end depicts a slight decline in the performance, which indicates 86% as opposed to 87% percent during 2017/2018 financial year overall achievement of targets. I am hopeful that as we approach the end of our financial year we will improve on this performance for the betterment and benefit of the current and future generations of Umhlabuyalingana.

Finally, I would like to take this opportunity to thank the members of the public who are continuously supportive and understanding in all aspects with one intention, to have a better future for all.

*Cllr. N.S. Mthethwa*

*Mayor*

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW



The Local Government: Municipal Performance Regulations 2006 requires that all Section 54 and 56 Managers performance must be monitored on a regular basis. This monitoring process provides early warning signs on issues pertaining to performance for the purposes of establishing adequate and responsive corrective measures in cases where the set targets have not been achieved accordingly.

It must further be noted that the institutional performance is influenced by three key aspects, namely; leadership, financial and performance and governance, as they appear in the Dashboard report. In the year 2018/2019 the municipality had 4 (four) Senior Managers reporting to the Municipal Manager

It is important to mention that the municipality does not have any shared service arrangements with other municipalities and/or organisations. It is also imperative to mention that the municipality wards have 18 wards resulting from the demarcation process took place during the 2015/2016 financial year.

It is also imperative to note that the municipality is deeply rural (99%) with high levels of unemployment and poverty. It is for this reason that our policy on property rate emanating from the Municipal Property Rates Act (MPRA) targets only businesses and government as rate payers. In addition to property rates, refuse removal, rental income, licensing and library serve as our sources of revenue over and above the conditional grants which forms bigger part of our income. In addition the municipality does not have any loans or borrowings.

It is also comforting to state that the liquidity ratio of the municipality is 1:9 which reflects a healthy financial position. The cash coverage ratio is (1:45) 2 months which further confirms, in accordance with the audited financial statements that the municipality is liquid and financially stable. This can only be attributed to a number of factors including stable political leadership and dedicated administration.

Umhlabuyalingana Municipality's Annual Report was developed in terms of the provisions of Section 121 of the Municipal Finance Management Act (MFMA), 56 OF 2003 together with Section 46 of the Local Government Municipal Systems Act (MSA), 32 of 2000 and other relevant legislative requirements. Virtually, the Annual Report articulate the results achieved against the set objectives

as embedded in the 2018/19 Organizational Scorecard within the prescribed set of rules contained in various fiscal guidelines from Treasury.

The Annual Report serves yardstick to measure progress made with regards to the implementation of the IDP 2017/2022. It is a culmination of quarterly reports against the predetermined objectives as set out in the Municipal Scorecard for the year 2018/19. The Annual Performance Report 2018/19 reflects on the Municipality's performance and achievements in relation to a total of 94 targets as per the approved Organizational Scorecard 2018/19.

The 2018/19 financial year was both challenging and exciting as the Municipality strived to achieve the imperatives of the Integrated Development Plan. The Municipality has endeavored tirelessly in focusing on delivering the mandate even in the midst of increasing external and internal challenges

The financial year 2018/19 was particularly a challenging one due to fiscal pressures emanating from a global gloomy economic outlook. As a result poverty levels rose up in the past four to five years, unemployment has gone up and inequality persisted. For several years our economy has not grown at the pace needed to create enough jobs or lift our people out of poverty. The consequence of this was constrained public finances, limiting the ability of government to expand its investment in economic and social development programs in the municipalities across the board and our Municipality was never immune to the said conditions.

It is important for all of us to take joint ownership of the cost-cutting measures as these are not only the responsibility of the Municipality alone, we all have a role to play. We must improve efficiencies in our spending so that we can re-direct more and more funds to the core service delivery programmes for the benefit of our people, especially during this time of continued fiscal consolidation.

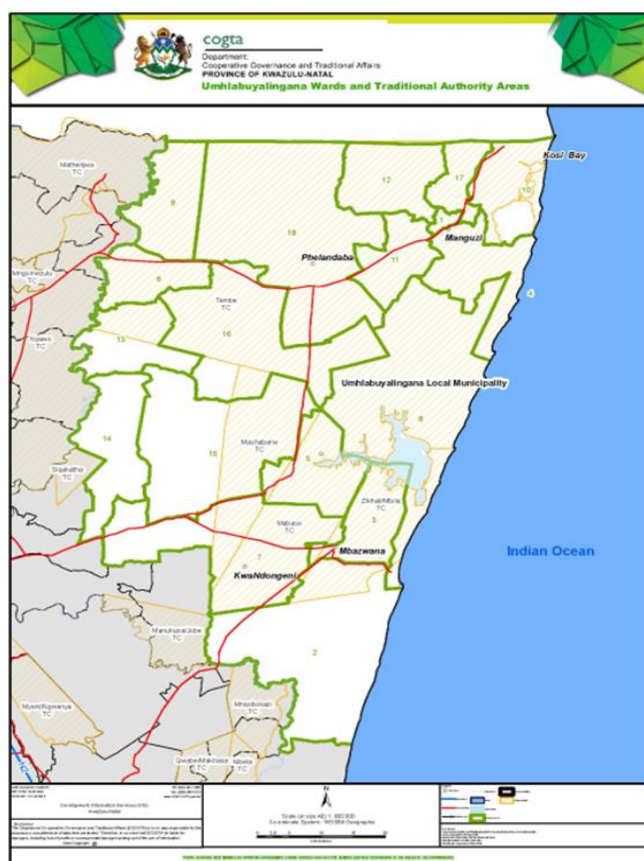
Despite the mentioned challenges, our commitment to the people of Umhlabuyalingana remains unshaken and committed that we will protect the Municipal key priority programmes as far as possible with a constant shrinking purse so that we do not lose sight of our vision to be "a People Centred Premier Socio- Economic Development and Environmentally Friendly Service Delivery Municipality by 2035".

Eventually, I feel that it is proper to convey message of gratitude to all those who contributed to the organization's continued good governance in executing the affairs of the Municipality. I therefore acknowledge the support and guidance from Council, commitment demonstrated by employees and active involvement of various community structures.

*Mrs N.P Gamede*

*Municipal Manager*

### 1.1.1 SPATIAL ANALYSIS



MAP 1: UMHLBUYALINGANA LM LOCALITY

Umhlabyalingana Municipality is one of the four local municipalities that comprise uMkhanyakude District Municipality. It is located in north-eastern KwaZulu-Natal along the border with Mozambique to the north, the Indian Ocean to the east, Jozini Municipality to the west and the Big Five Hluhluwe Municipality to the south (Figure 1.1). This municipality is predominantly rural, with the population spread amongst the 18 municipal wards and the four traditional council areas (Tembe, Mashabane, Mabaso and Zikhali).

Umhlabuyalingana Municipality consists of a predominantly African population (99%+), with the White, Coloured and Indian/Asian population contributing less than one percent. Only three percent of the economically active population within the municipality earns more than R1 600 per month. The alarming fact is that 47 percent of the economically active population (out of a total of 52%) receives either no income or less than R1 600 per month.

Out of the total population, 18 percent has had no formal education, 57 percent did not complete Grade 12, and only eight percent obtained a Grade 12 or higher education. Of the eight percent with Grade 12 or higher, two percent of the municipality's population obtained a tertiary education. The Umhlabuyalingana Municipality's economic base depends largely on tertiary services, with community services accounting for about 70 percent of the municipality's GDP. Agricultural production contributes about 20 percent, while the secondary sector consisting of manufacturing, electricity/gas/water supply contributes 10 percent to the GDP of the municipality.

#### **1.1.2 REGIONAL ACCESS**

Access to Umhlabuyalingana Municipality is achieved mainly through the MR439 also known as the Lubombo Spatial Development Initiative. This provincial corridor runs in a north/south direction and serves as a major link between South Africa and Mozambique along the coast.

#### **1.1.3 UMHLABUYALINGANA SPATIAL SYSTEM OF INTEREST**

The delineation of Umhlabuyalingana Municipality boundaries was based on a number of factors including, population movement patterns, population distribution, and most importantly, regional economic patterns. This establishes the area as a system of interest reflecting complex interconnections among a range of component parts.

The area itself is also a subset of the other systems, such as uMkhanyakude District Municipality in local government and service delivery terms, and Maputaland/Elephant Coast in tourism planning and development terms. Other systems of interest that impact on the area include conservation and heritage, international conventions and national development processes.

#### **1.1.4 SETTLEMENT PATTERN**

Umhlabuyalingana is generally rural in character and is characterised by expansive low density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads with the conurbation of commercial activities in some strategic points thus giving rise to development nodes, such as Mbazwana and Manguzi. Other nodal areas within the area include the following:

- KwaSikhemelele
- Mseleni, which developed as a result of the public facilities, such as a hospital
- Phelandaba, which is strategically located at the intersection of provincial and district corridors
- Ntshongwe

Manguzi and Mbazwana are experiencing relatively high population growth rates due to in-migration into these areas. Unless the formalisation process is fast-tracked, these areas run a risk of deteriorating into expansive rural slums, which will be very difficult to manage in the future.

#### **1.1.5 SERVICE CENTRES**

The importance of promoting development in Mbazwana has been recognised by all spheres of government, particularly Umhlabuyalingana Municipality and uMkhanyakude District Municipality, and is accepted to be a priority. Spatial frameworks for both municipalities identify the area as a rural service centre and a catalyst for regional spatial restructuring. This recognises the role of the centre, and challenges the authorities to focus development and growth in this area, and ensure that spin-offs are generated for the outlying areas.

The district Spatial Development Framework as outlined in the IDP emphasizes the importance of an efficient service delivery system based on the model of development nodes, service centres and development corridors. These are differentiated by the role they play in regional space and the thresholds they serve. Mbazwana is identified as a secondary node with both administrative and service delivery functions.

Service centres have a critical role to play in underdeveloped areas with high levels of poverty and service backlog. The current dispersed settlement pattern of the Umhlabuyalingana area forces members of local communities to travel long distances under trying circumstances to access community facilities. The cost of these trips are reflected not only in the financial expenses incurred, but also time spent and opportunities that are foregone.

#### **1.1.6 LAND USE MANAGEMENT**

Umhlabuyalingana Municipality has adopted both a municipal wide Spatial Development Framework (SDF) and a Land Use Management Scheme (LUMS) for Manguzi. Currently there is funding from CoGTA to compile a wall to wall scheme for Umhlabuyalingana Municipality.

### **1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

#### **1.2.1 MUNICIPAL FUNCTIONS**

The municipality derives its powers and functions from the prescripts of the Constitution, Schedule 4, part B read in conjunction with Section 152, which contains the objects of local government. Municipal transformation and institutional development relates to a fundamental and significant change in the way the municipalities perform their functions, deploy resources and the institutional strategies applied to achieve optimum results for delivery of quality services to the communities served.

Transformation and institutional development is expected to take shape where the following is addressed as part of our strategic planning and direction.



### 1.2.2 POWERS AND FUNCTION OF MUNICIPALITIES

<b>Schedule 5 Part B</b> <b>Functional Areas of Concurrent National and Provincial Legislative Competence</b>	<b>Schedule 4 Part B</b> <b>Functional Areas of Exclusive Provincial Legislative Competence</b>
<ul style="list-style-type: none"> <li>• Air pollution</li> <li>• Building regulations</li> <li>• Child care facilities</li> <li>• Electricity and gas reticulation</li> <li>• Fire fighting services</li> <li>• Local tourism</li> <li>• Municipal airports</li> <li>• Municipal planning</li> <li>• Municipal health services</li> <li>• Municipal public transport</li> <li>• Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this constitution or any other law</li> <li>• Pontoons, ferries, piers and harbours, excluding the regulation of international and national shipping and matters related thereto</li> <li>• Storm water management systems in built-up areas</li> <li>• Trading regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Beaches and amusement facilities</li> <li>• Billboards and the display of advertisements in public places</li> <li>• Cemeteries, funeral parlours and crematoria</li> <li>• Cleansing</li> <li>• Control of public nuisances</li> <li>• Control of undertakings that sell liquor to the public</li> <li>• Facilities for the accommodation, care and burial of animals</li> <li>• Licensing of dogs</li> <li>• Licensing and control of undertakings that sell food to the public</li> <li>• Local amenities</li> <li>• Local sport facilities</li> <li>• Markets</li> <li>• Municipal abattoirs</li> <li>• Municipal parks and recreation</li> <li>• Municipal roads</li> <li>• Noise pollution</li> <li>• Pounds</li> <li>• Public places</li> <li>• Refuse removal, refuse dumps and solid waste disposal</li> </ul>

Schedule 5 Part B	Schedule 4 Part B
Functional Areas of Concurrent National and Provincial Legislative Competence	Functional Areas of Exclusive Provincial Legislative Competence
<ul style="list-style-type: none"> <li>Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems</li> </ul>	<ul style="list-style-type: none"> <li>Street trading</li> <li>Street lighting</li> <li>Traffic and parking</li> </ul>

### 1.2.3 DEMOGRAPHIC PROFILE

According to the Community Survey conducted by Statistics South Africa in 2016, Umhlabuyalingana Municipality's population is 172 077. This represents about 25 percent of the population in the district, making it the third largest in uMkhanyakude District Municipality (Figure 1.2). The municipality covers an area of 3 613km<sup>2</sup>. While much of Umhlabuyalingana Municipality consists of very low intensity and sparsely populated rural settlements, Manguzi and to some extent Mbazwana, Mseleni and Skhemelele are fast emerging as urban centres albeit with different levels of concentration.

The gender profile of Umhlabuyalingana is typical of the trend in most other local municipalities in KwaZulu-Natal i.e. there are generally a greater number of females residing in the area as opposed to males. However, the difference is not significant. The municipality has 91398 females compared to their male counterparts that has 80679 in total. Thus economic interventions targeting women are required. Umhlabuyalingana has, over the last few years, experienced phenomenal population growth. Table 1.1 shows the population distribution by gender and age for the years 1996 and 2001 and 2011.

**Population by age and gender for 2016 (Stats SA: Community Survey)**

**TABLE 2: POPULATION BY AGE AND GENDER FOR 1996, 2001 AND 2011**

	KZN271 Umhlabuyalingana												
Age	1996			2001			2011			Age	2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total		Male	Female	Total
0 – 4	9 236	9 226	18 461	9 727	9 738	19 464	11 291	10 989	22 281	0-14			70 050
5 – 9	9 897	9 875	19 771	10 556	10 777	21 333	10 181	9 794	19 974	15-34			62 597
10 – 14	8 972	9 122	18 094	10 602	10 831	21 433	10 697	9 982	20 679	35-59			29 062
15 – 19	7 262	7 938	15 200	9 027	9 539	18 565	10 014	10 030	20 044	60+			10 368
20 – 24	4 768	6 319	11 087	5 477	6 724	12 201	6 855	8 057	14 912				
25 – 29	3 144	5 379	8 523	3 421	5 690	9 111	4 699	6 614	11 313				
30 – 34	2 359	4 196	6 554	2 964	5 079	8 043	3 346	5 261	8 608				
35 – 39	2 103	3 517	5 620	2 657	4 445	7 102	3 060	4 465	7 525				
40 – 44	1 519	2 253	3 772	2 024	3 396	5 421	2 586	4 170	6 756				
45 – 49	1 288	1 907	3 195	1 385	2 356	3 741	2 347	3 682	6 030				
50 – 54	857	1 279	2 136	1 224	1 949	3 173	1 739	2 777	4 515				
55 – 59	947	1 652	2 599	913	1 380	2 293	1 374	1 876	3 250				
60 – 64	745	1 771	2 516	971	1 966	2 937	1 130	1 790	2 920				
65 – 69	951	2 218	3 169	579	1 745	2 324	735	1 215	1 949				
70 – 74	548	946	1 493	753	2 059	2 812	735	1 433	2 168				
75 – 79	426	696	1 121	372	815	1 187	326	1 082	1 408				
80 – 84	179	237	415	321	593	914	373	1 087	1 460				
85 +	135	230	365	163	348	511	281	663	945				
Total	55 333	68 759	124 092	63 134	79 431	142 565	71 769	84 967	156 736		80679	91398	172 077

The population of Umhlabuyalingana is very young with more than 57 percent falling under the 20 year age category and 34 percent officially defined as youth (15–53 years) (Figure 1.4). This has a huge implication for service delivery, education and job creation in the municipality, which has to be prioritised on account of such a young population.

A relatively young population implies a high dependency rate on the working population to meet the needs of this young generation. As such there is significant pressure on the working population to take care of the youth and the elderly. To further exacerbate the problem, not all the people within the economically active category are employed. A relatively high representation of very young people in Umhlabuyalingana has serious implications for service delivery, education and job creation in the area.

#### **1.2.4 SOCIO-ECONOMIC PROFILE**

The prevalence rate of HIV in Umhlabuyalingana could be estimated at 16 percent of the total population. Some of the impacts of the disease in Makhathini Flats are the decrease in life expectancy and increase in the dependency ratio and the number of orphans; and the slowing down of the population growth rate (increasing mortality and morbidity)(Figure 1.5). Developmental impacts include a loss in social skills and changes in the distribution of income. A result is an increased demand for healthcare facilities and a reduction in school entrants. The impact of HIV/AIDS on municipalities is likely to be present in all aspects of the municipality's functions, but may lead, in particular, to an increase in the need for poverty alleviation and under-utilisation of infrastructure in the long run.

Between 2010/11 and 2011/12 the district institutional maternal mortality rate decreased from 130.1/100 000 to 68.1/100 000 compared with the National overall MMR of 310/100 000 (SA Strategic Plan for CARMMA) (Table 1.2). It should be noted that a number of maternal deaths occurred following transfer from the district to the regional referral hospital in Uthungulu.

The leading contributory cause of maternal deaths is HIV and AIDS, with AIDS-related infections being the leading causes of maternal deaths, followed by obstetric haemorrhage, indicating where attention needs to be applied to further reduce maternal mortality. The decrease might also be due to effective monthly perinatal reviews; training of professional nurses by Region 4 Specialists in the management of major conditions leading to maternal deaths; and training of CCGs on the MCWH Community Care Framework in order to strengthen MCWH services in the community.

**TABLE 3: MATERNAL AND INFANT MORTALITY RATE IN UMKHANYAKUDE DISTRICT (DHIS)**

Indicator Name	Indicator Type	2010/2011	2011/2012
Total mortality rate	%	7,0	6,0
Facility maternal mortality rate	per 100K	130,1	68,1
Infant mortality rate	%	11,4	8,5
Under 5 years mortality rate	%	9,4	6,6
ANC prevalence survey	%	41,9	40,0

The infant and child mortality rates have shown substantial improvement since 2009. The main reason for this improvement is the reduction in mother to child transmission of HIV since dual therapy was introduced in 2008, which has reduced transmission at 6 weeks of age in the district from 12 percent in 2008 to 4 percent in 2011.

The HIV prevalence (ANC) remains high although it shows a slight reduction from 41, 9 percent in 2010 to 40 percent in 2011. The district is one of three districts in the country where the prevalence exceeds 40 percent. Success in the treatment programmes will however increase the life expectancy of women.

There is a steady improvement in early ANC attendance and the proportion of eligible women started on HAART, which should enhance PMTCT and reduce maternal mortality. There continues to be room for improvement in the ante-natal Nevirapine uptake rate, although data collection is a challenge.

As indicated in Table 1.3, 13 865 households reside in traditional dwellings, the majority of which are poorly constructed. This marks an increase of about 30 percent from the 2001 figures. It demonstrates the level of poverty in the area and suggests an acute need for rural housing. While this is spread throughout the area, it is noted that the settlement pattern in Umhlabuyalingana is changing as an increasing number of households is locating along major access routes and within or in close proximity to Mbazwana and Manguzi, thus highlighting the importance of settlement planning and co-ordination of infrastructure provision and development of sustainable human settlements.

**TABLE 4: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF MAIN DWELLING (STATS SA: CENSUS)**

Municipality	Formal Dwelling				Informal Dwelling				Traditional Dwelling			
	1996	2001	2011	2016	1996	2001	2011	2016	1996	2001	2011	2016
KZN271:	4 5	9 4	19	27731	101	1 0	130	968	14	15	13	10896
Umhlabuyalingana	23	57	525			19			581	698	865	

**TABLE 5: TYPE OF DWELLING (STATS SA: CENSUS 2011)**

Type	Total
House or brick/concrete block structure on a separate stand or yard or on a farm	<b>18 329</b>
Traditional dwelling/hut/structure made of traditional materials	<b>13 865</b>
Flat or apartment in a block of flats	<b>964</b>
Cluster house in complex	<b>52</b>
Townhouse (semi-detached house in a complex)	<b>37</b>
Semi-detached house	<b>13</b>
House/flat/room in backyard	<b>91</b>
Informal dwelling (shack; in backyard)	<b>104</b>
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	<b>26</b>
Room/flat let on a property or larger dwelling/servants quarters/granny flat	<b>38</b>
Caravan/tent	<b>54</b>
Other	<b>284</b>
Unspecified	–
Not applicable	–
Total	<b>33 857</b>

By using the backlog figures for water and sanitation supply, it is estimated that the backlog is 8 806 housing units. Although Mbazwana and Manguzi are still rural towns and subject to the dictates of the Ingonyama Trust Act, they are urbanising at a fast rate and present new challenges in terms of housing development. Housing needs in these areas include rental stock, middle income housing and the traditional low income housing. A relatively high representation of informal rental housing stock suggests a large number of people who occupy backyard shacks, cottages and other rented accommodation (Table 1.4 & Figure 1.6). Introduction of town planning in these areas will help to direct growth and ensure that the area develops in accordance with the National Housing Development Policy – sustainable human settlement.

### 1.2.5 EDUCATION PROFILE & LITERACY LEVELS

A large number (54%) of people is functionally illiterate meaning that they either do not have school-based education or have not received sufficient school-based education to acquire marketable skills and engage in serious business ventures (Table 1.5).

**TABLE 6: DISTRIBUTION OF POPULATION AGED 20 YEARS AND OLDER BY LEVEL OF EDUCATION ATTAINED FOR 1996, 2001 AND 2011 (STATS SA: CENSUS)**

Education Level	2001			2011			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No schooling	10 993	22 161	33 154	14 689	7 585	22 274	17 427	22 931	40 358
Some primary	3 669	5 581	9 250	6 800	4 685	11 485	29 979	28 824	58 803
Some secondary	4 290	5 194	9 483	9 232	7 421	16 653	20 114	22 817	42 931
Std 10/Grade 12	2 540	3 263	5 803	9 290	6 933	16 222	10 535	12 559	23 094
Higher	605	883	1 488	2 005	1 272	3 277	2 165	3 492	5 657
Total	23 223	38 546	61 770	43 833	29 137	72 970	80 220	90 623	170 843

Only a small fraction has secondary education and the representation of people with tertiary education is even more negligible (Figure 1.7). Poor educational levels also mean that the ability to equip the local population with skills and training in non-agricultural activities becomes more difficult. This situation is aggravated by the lack of access to colleges, technikons and universities for the local population.

**TABLE 7: DISTRIBUTION OF POPULATION AGED BETWEEN 5 AND 24 YEARS BY SCHOOL ATTENDANCE FOR 1996, 2001 AND 2011 (STATS SA: CENSUS)**

Schooling	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Attending	19 198	19 841	39 040	26 945	27 141	54 087	31 379	29 667	61 046
Not Attending	11 202	12 562	23 764	8 716	10 729	19 445	5 352	7 126	12 478
Total	30 400	32 403	62 803	35 661	37 870	73 531	36 731	36 793	73 524

### 1.2.6 HOUSEHOLD INCOME

Household income levels in the municipality are extremely low, with almost half (44, 9%) the number of households earning no income (Figure 1.8). The majority of the population survives on around R500 a month. Representation reduces significantly as income brackets increase. There is a relatively high dependence on social grants.

It is also clear that given the low employment levels in the area, the majority of households are dependent on social welfare grants. These low levels of income are indicative of the high levels of poverty found in Umhlabuyalingana and the urgent need to create income generating activities.



### 1.2.7 EMPLOYMENT PROFILE

An extremely high percentage of the population is not economically active. This also means a high dependency ratio exists on household heads with low income levels. Despite the diversified nature of the local economy, unemployment in the municipal area is of concern as only 13 percent of the total labour force is employed. Unemployment rate is currently estimated at 22 percent while 65 percent of the total labour force is not economically active (Figure 1.9).

The classification of employment with regard to industry is difficult since 95, 1 percent of the local economy could be classified as undetermined. The majority of the employed that can be classified, work in the community and government sector services. The majority of the employed population is paid employees. Self-employed people account for less than one percent of the employed population. This indicates poor levels of entrepreneurship within the municipality.

For those who are employed, the majority occupy semi and unskilled positions, with a small handful in skilled employment. This indicates the fact that the area has high levels of dependency on the few people that are employed. The low levels of education also limit the ability of local people to be employed. This also points to the levels of poverty in the area.

### 1.2.8 INDIGENT SUPPORT

The municipality is in the process of updating its Indigent Register as a means to implement free basic services policy. It is expected that the process will be completed during the first quarter of 2019/2020 financial year. It is noted that Umhlabuyalingana is located within a poverty node, and has a relatively high number of households who cannot afford basic payment for services. Ward Councillors and the Department of Social Development are playing a major role in the identification of deserving households.

### 1.2.9 ECONOMIC PROFILE

Umhlabuyalingana Municipality, like any other municipalities in the country, has a huge service backlog. The municipality does try to deliver relevant services to the communities through effective utilization of funds and human resources but, there is still much work to be done. Its economic base depends largely on tertiary services, with community services accounting for about 70% of the municipality's GDP. Agricultural production contributes about 20%, while the secondary sector consisting of manufacturing, electricity/gas/water supply contributes 10% to the GDP of the Municipality

**TABLE 8: OVERVIEW OF NEIGHBOURHOODS WITHIN UMHLABUYALINGANA MUNICIPALITY**

Overview of Neighbourhoods within Umhlabuyalingana Municipality		
Settlement Type	Households	Population
Towns		
Manguzi (Ward 17)	2274	9496
Mbazwana (Ward 2)	1755	7744
Skhemelele (Ward 6)	2745	13064
<b>Sub Total</b>	<b>6774</b>	<b>30304</b>
Townships		
No Townships within the municipality	6774	30304
<b>Sub Total</b>		
Rural Settlements		
Ward 1	1151	4709
Ward 2	1755	7744
Ward 3	2068	11400
Ward 4	2916	12089
Ward 5	2045	8888
Ward 6	2745	13064
Ward 7	1952	9796
Ward 8	1948	8493
Ward 9	2582	11841
Ward 10	1552	7189
Ward 11	2230	9587
Ward 12	1594	7333
Ward 13	1663	8918
Ward 14	1676	8112
Ward 15	2198	10400
Ward 16	1509	7616
Ward 17	2274	9496
Ward 18	-	-

Overview of Neighbourhoods within Umhlabuyalingana Municipality		
Settlement Type	Households	Population
<b>Sub Total</b>	<b>33 858</b>	<b>156735</b>
Informal Settlements		
There are no informal settlements within the municipality		

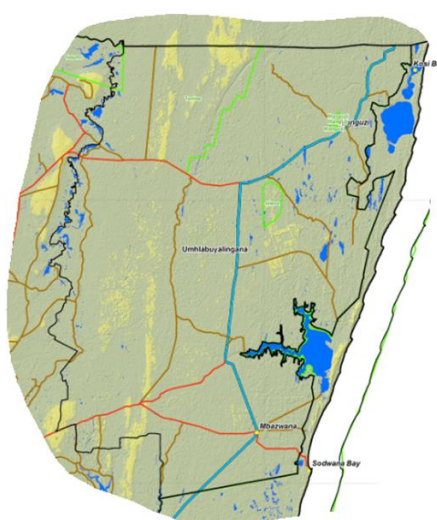
### 1.2.10 NATURAL RESOURCES

Natural Resources	
Major Natural Resource	Relevance to Community
Sand Mining	Job creation and community development
Marula Farming	Job creation and community development

## 1.2.11 ENVIRONMENTAL OVERVIEW

### 1.2.11.1 TOPOGRAPHY

The general topography within Umhlabuyalingana Municipal area is flat to gentle rolling. This normally implies that there are limited hindrances to development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning the developments, activities that involve significant removal of vegetation or the land cover be avoided in the areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.



The maximum elevation of land within the uMhlabuyalingana LM is 200m above sea level (see areas indicated in yellow). This constitutes some 5% of the total area of the Municipal Area. The remaining 95% of the Municipal Area is between 0m and 100m above sea level.

MAP 2: TOPOGRAPHY

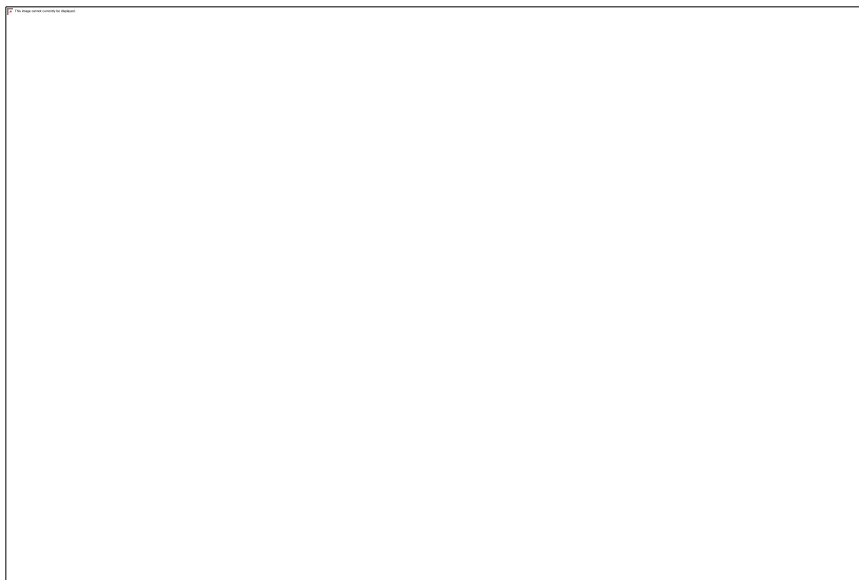
### 1.2.11.2 SOIL

The soil type in the area is varied. However, the most predominant is sandy soil. Sandy soils by their very nature are very unstable and are susceptible to erosion. Thus the soils in the area are sandy and erodible. These soils tend to have accelerated erosion under poor land uses and in areas where the topsoil is exposed. This accounts for the extensive erosion evident in parts of the transformed areas. It would be necessary to ensure that soil erosion prevention measures are planned and vegetation removal is kept to only areas where it is necessary. A rehabilitation programme to combat soil erosion and to re-vegetate eroded areas is also recommended.

### 1.2.11.3 GEOLOGY

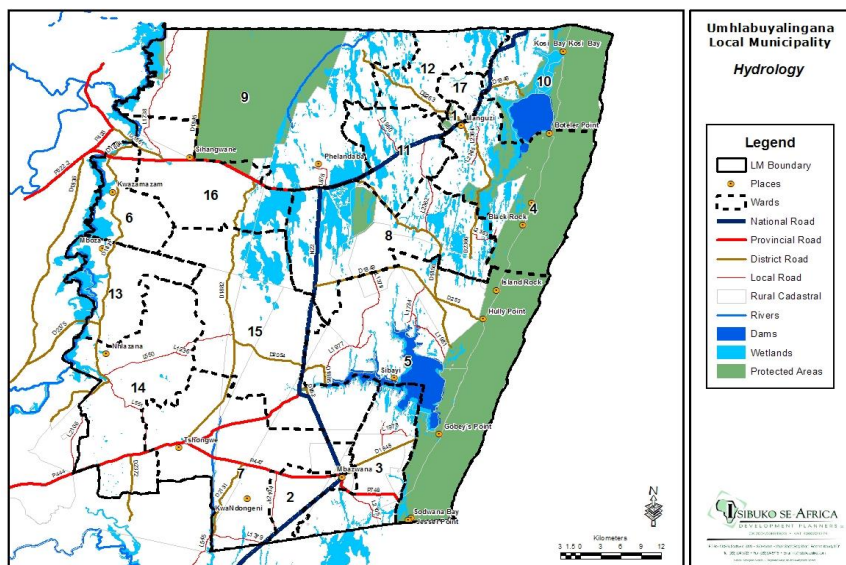
The geology of the central part of Umhlabuyalingana comprises sandy Aeolian (wind-blown) deposits that were deposited during the Quaternary Age. This formation generally comprises poorly consolidated yellowish or greyish sands extending to depths in excess of 30 metres below existing ground level and is characterized by the presence of a shallow water table. The uppermost portion of these soils (i.e. +/- 3m below existing ground level) is usually very loose to loose in consistency and becomes progressively medium dense to dense with depth. The sandy Aeolian soils are anticipated to classify as a fair sub grade material (i.e. G9 and poorer in terms of TRH14 classifications).

The most predominant geology feature is Cenozoic sediments which comprises a 1-20km wide band of Cretaceous age rocks and is further subdivided into the Mzinene formation which consists of a siltstone with shelly concretionary layers. These soils are anticipated to extend to depths in excess of approximately 25 metres below existing ground level and is characterized by the presence of a shallow water table. The geology of the area is characterized essentially by glauconitic siltstone which were deposited during the Cretaceous age respectively.



### MAP 3: GEOLOGY

#### 1.2.11.4 RIVERS AND WETLANDS



MAP 4: HYDROLOGY

The area has limited drainage lines and rivers with exception of Pongola River that runs on western edge of the municipal boundary. However there are extensive wetlands, with the presence of typical wetland vegetation species like the Juncus species (Nncema.) These hydrological sensitive areas are mainly on the central and eastern sections of the municipal area under investigation. There are also patches of wetlands along the R22 Mbazwana bound road. The typically wet areas may be underlain by clayey sandy soils.

The most significant hydrological system in the area is wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services which for the area under investigation will to a large extent, be provision of grass for crafts and households use and flood attenuation. Thus maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.



It is noted that a fairly large portion of this vegetation type within the project areas especially along the main roads and tracks is degraded or completely transformed. From this it can be seen that majority of the project area still have fairly untransformed Maputaland Coastal Thicket, which is said to be vulnerable. From this assessment also, it was noted that the Maputaland Coastal Thicket is dominated by grassland. Portions of this grassland are still in fairly good condition. The settlement activities in the area have resulted in a significant degradation of the vegetation especially within around Phelandaba and Mbazwana. This confers 'a reduced' conservation significance on the site. However, in terms of environmental legislation, development of any site greater than 1 hectare (whether in a suitably good vegetation condition or derelict), requires authorization from the Provincial Department of Agriculture and Environmental Affairs.

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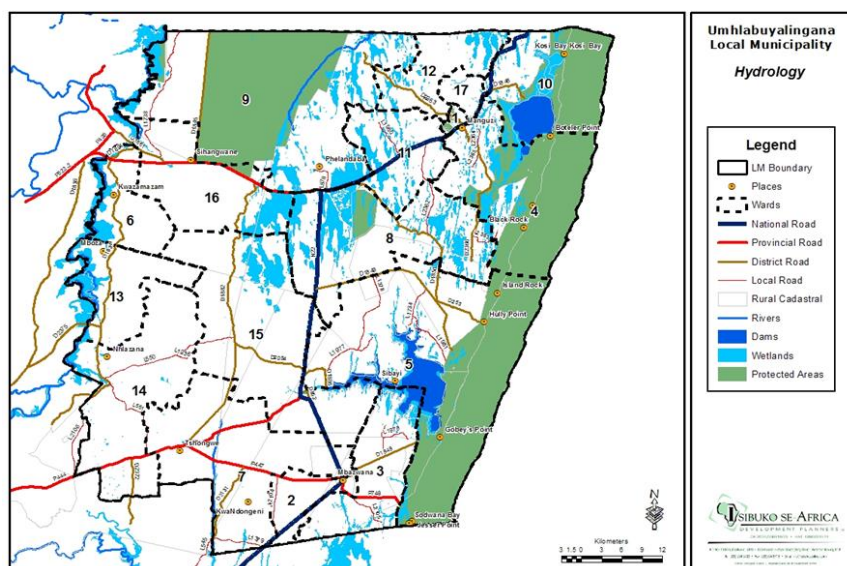


untransformed thicket and grassland. Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

#### 1.2.11.6 HYDROLOGY

Umhlabuyalingana comprises 16 different wetland types, including:

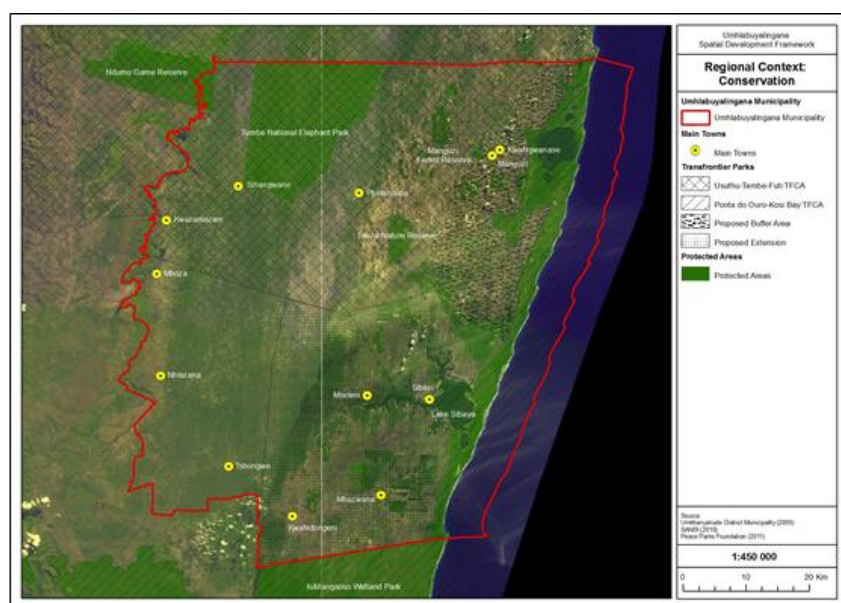
- Shallow marine waters
- Coral reefs
- Sand/shingle shores
- Estuarine waters
- Tidal mudflats, including intertidal flats and salt flats
- Salt marshes
- Mangrove/tidal forest
- Coastal brackish/saline lagoons
- Coastal fresh lagoons
- Deltas
- Freshwater lakes: permanent
- Freshwater lakes: seasonal/intermittent
- Saline/brackish lakes/marches: permanent
- Saline/brackish lakes/marches: seasonal/intermittent
- Freshwater marches/pools: permanent
- Freshwater marches/pools: seasonal/intermittent



#### MAP 6: HYDROLOG COASTAL MANAGEMENT

The coastal area of Umhlabuyalingana Municipality was proclaimed as a nature reserve in 1987. South Africa currently has 16 and by 2007 they total to 19 wetlands designated as wetlands of international importance in accordance with the Ramsar Convention, one of which is the Isimanagaliso wetland park system. The site is a Nature Reserve administered by the KZN Wild Life Under the communally owned land falling under the Tembe, Mabaso, Mbila and Mashabane Traditional Council.

#### *Formally protected areas and TFCAs within and surrounding the Umhlabuyalingana Municipality*



MAP 7: REGIONAL CONTEXT CONSERVATION

#### 1.2.11.7 SPATIAL ENVIRONMENT

The following section presents a short description of each of the five formally protected areas within the Umhlabuyalingana LM.

#### 1.2.11.8 TEMBE ELEPHANT NATIONAL PARK

The Tembe Elephant National Park is situated on the Mozambique border in close proximity to Ndumo Game Reserve. The park is approximately 30,000 ha in extent and managed by Ezemvelo KZN Wildlife. The park is situated within the sand veld ecological zone and consists mainly of closed woodland and secondary thicket formation, with clumps of Sand Forest. The zone falls within a transition area between tropical and sub-tropical forms and therefore is home to a great

diversity of vegetation. This results in high diversity of birdlife (340 bird species). The park is also home to approximately 220 elephants, some of which are among the largest in the world.

#### **1.2.11.9 MANGUZI NATURE RESERVE**

The Manguzi Forest Reserve is situated on the outskirts of the Manguzi urban centre. The reserve is 237 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects the last significant patch of KwaZulu-Natal Coastal Forest, an Endangered Ecosystem, to the north of Lake Sibaya. There are currently no facilities for visitors to the reserve.

#### **1.2.11.10 SILEZA NATURE RESERVE**

The Sileza Nature Reserve is situated south-west of Manguzi. The reserve is 2,125 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects a large portion of Maputuland Wooded Grassland, which is classified as Vulnerable. There are currently no facilities for visitors to the reserve.

#### **1.2.11.11 TSHANINI COMMUNITY CONSERVATION AREA**

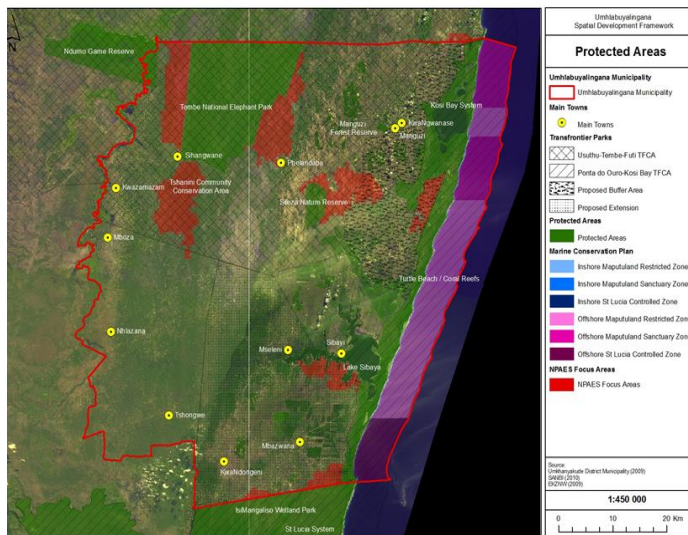
The Tshanini Nature Reserve is a community conservation area to the south of Tembe National Elephant Park. The reserve is approximately 3,000 in extent and managed by the local Tshanini community, with assistance from the Wildlands Conservation Trust. The reserve largely protects areas of Tembe Sandy Bushveld and Sand Forest.

#### **1.2.11.12 NDUMO GAME RESERVE**

The Ndumo Game Reserve is a registered Ramsar Site which is situated on the Mozambique border. It is located at the confluence of the Great Usutu, which forms its northern boundary, and the Pongola River. The reserve is approximately 11,860 ha in extent and comprises a variety of ecosystems, including floodplain pans, wetlands, reed beds, savannah and sand forest. It has the highest bird count in South Africa with 430 recorded bird species. This includes several aquatic species, such as Black Egret, Pygmy Geese, and Pelicans, as well as several species of interest, such as the Pell's Fishing Owl, Broadbill, and Southern Banded Snake Eagle. The reserve is home to a number of game species, including Nyala, Bushbuck, Impala, Red Duiker, Suni, Black and White Rhino, Hippopotamus and Crocodiles.

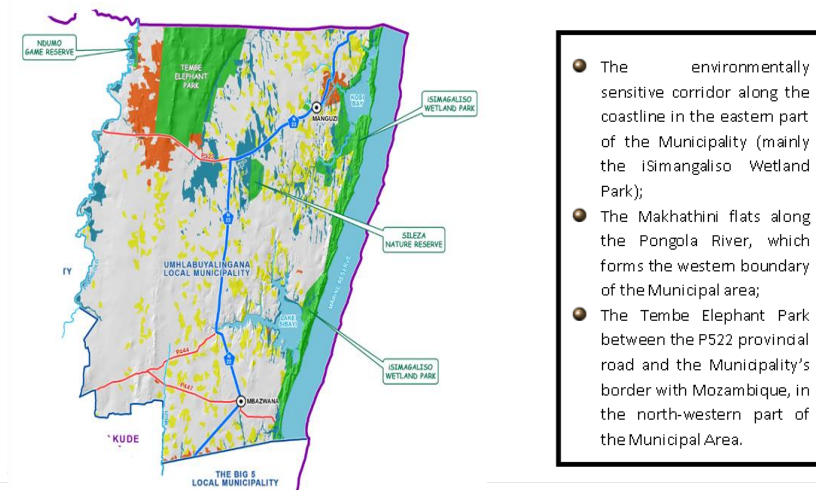
#### **1.2.11.13 ISIMANGALISO WETLAND PARK**

The ISimangaliso Wetland Park is South Africa's first UNESCO World Heritage Site. The 332,000 ha park contains three major lake systems, most of South Africa's remaining swamp forest, Africa's largest estuarine system, 526 bird species, and 25,000 year old coastal dunes. The park also includes an extensive Marine Reserve which protects 190,000 km of the South African coastline. There are also four RAMSAR sites, namely the Kosi Bay System, Turtle Beaches / Coral Reefs, Lake Sibaya, and the St Lucia System within the park.

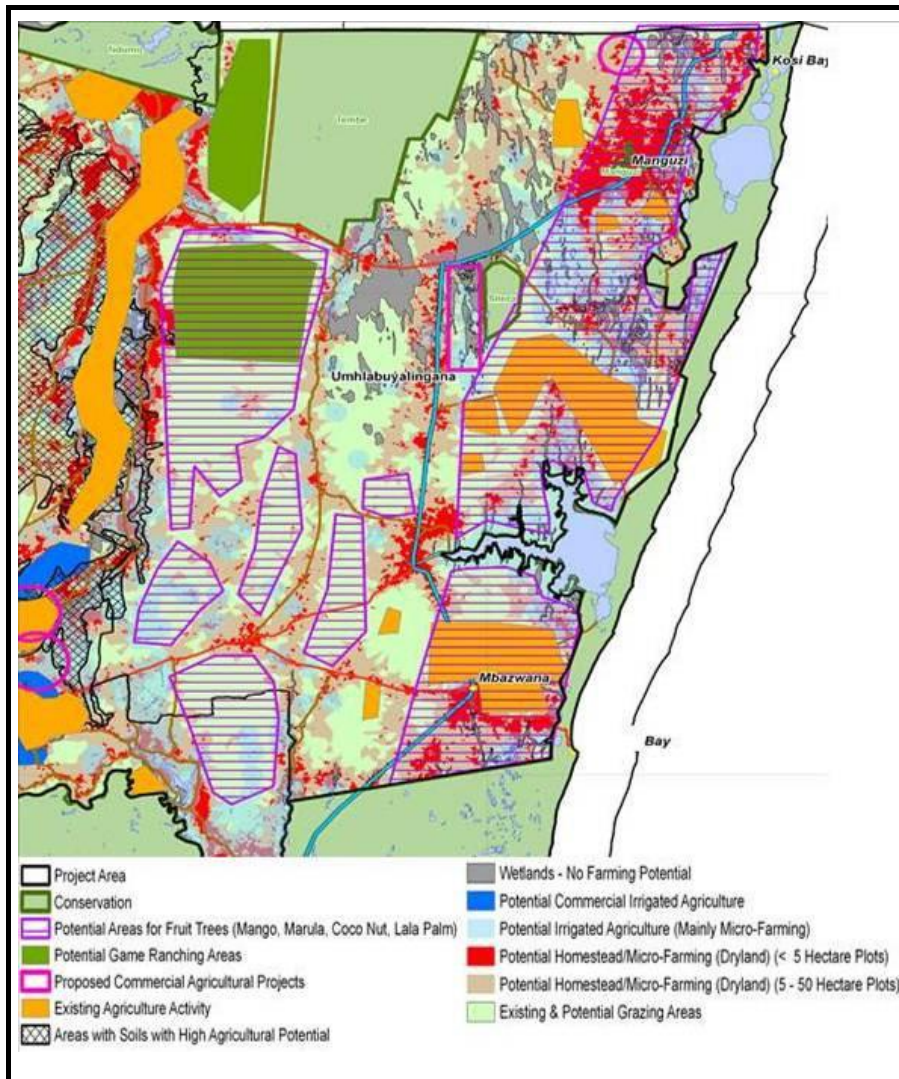


## MAP 8: PROTECTED AREAS

## ENVIRONMENTAL SENSITIVE AREAS MAP



MAP 9: ENVIRONMENTAL SENSITIVE AREAS



MAP 10: AGRICULTURAL POTENTIAL IN UMHLABUYALINGANA LM (SOURCE: URBAN-ECON, AGRICULTURAL POTENTIAL MAP - MAKHATHINI INTEGRATED DEVELOPMENT PLAN 2007)

Agriculture is one of the two key drivers of economy in Umhlabuyalingana LM, the other being tourism. The majority of the population in Umhlabuyalingana LM is involved in these two sectors. Agriculture in the municipality is based on commercial agriculture and consumption agriculture which is directed towards meeting consumption needs the population.

The Umhlabuyalingana LM consists of 9 bio resource units. It has fairly flat land with good soil conditions with weather conditions that influences the agriculture production in this municipality.



The Umhlabuyalingana LM also falls under the Makhathini Flats area which is also characterized by its flat land and rich soils which make it suitable for agricultural production. Commercial farming has become a key area where investment has been directed in the Makhathini Flats and there has been much focus on development and job stimulation in the agricultural sector in this area.

The Makhathini Integrated Development Plan is one such programme that is being implemented in the area which is focused on the provision of agricultural infrastructure to optimize opportunities for crop and animal production in the Makhathini Flats. Although this programme started in the 2009/2010 financial year, efforts for infrastructure development intensified in the 2010/2011 financial year. According to the MEC Johnson's Budget Speech (2011)<sup>1</sup> the main infrastructure projects supported in 2010/2011 include improvement of farm access roads, refurbishment of pumps and irrigation infrastructure, construction of drainage canals and construction of livestock centres in Jozini and Umhlabuyalingana Municipalities. Improvement of irrigation infrastructure will stop water-losses due to leaking pipes while the construction of drainage canals will address water logging currently affecting 2500ha. Livestock centres aim to support livestock farmers in the Makhathini Flats to improve animal production and enhance local economic development. Implementation of these infrastructure projects created 192 job opportunities for the local people.

The agricultural potential of the land varies throughout Umhlabuyalingana LM; where relative to the eastern sea board, the area with high potential for dry land agriculture is closest to the sea and the one with low potential furthest from the sea with the moderate potential area falling in-between.

Agricultural development in areas in Umhlabuyalingana LM that have a high agricultural potential are hindered by the limited availability of land due to the sandy nature of the soils, by the settlements present in these areas and the fact that these areas often fall within the environmentally protected spaces of the municipality.

Access to water resources also plays an important role in both commercial and consumption agriculture and determines what types of crops that can be grown and where it can be grown. The limited and lack of access to water can further hinder development in the agricultural sector. The major surface water resources in Umhlabuyalingana LM are as follows.

The Pongola River- which provides opportunities for irrigation along the Pongola floodplains. It is also evident that the Pongola floodplains has been a draw card for settlements that have settled informally and have increased in density in areas close to the floodplains which reinforces the fact that people are dependent on natural resources for their survival in the Umhlabuyalingana LM. Usutu River which runs along the north-western boundary of Umhlabuyalingana LM. The coastal fresh water lakes and swamps which includes Lake Sibaya and Kosi Bay

Water sources, in the form of large water bodies, reside on the peripheral ends of the Municipality and include areas such as the Kosi lake system, Lake Sibaya, Bhangazi and the St Lucia system<sup>13</sup>. In recent years efforts have been made to improve the irrigation systems in the Makhathini Flats area however research has indicated that the lack of reliable sources of water for irrigation poses a major constraint on commercial agriculture projects such as the Mboza groundnuts project.

The predominant and forms of agricultural activities that take place in Umhlabuyalingana can broadly be categorized as follows:

Homestead and community gardens dominated by the production of fresh vegetables. Crop production systems (groundnuts, maize, cassava, cowpea, taro (amadumbe), sweet potato (red, white & yellow), jugo (izindlumbu and sugar beans). Forestry Plantations (pine and eucalypt); Livestock farming; and Commercial forestry plantations

There is evidence of commercial forestry plantations that are located at Mbazwana and Manzengwenya along the coast. Although the predominant commercial agriculture activities are limited to the production of cashew nuts, ground nuts and a few other niche products is poorly developed, there is potential to expand and this is dependent on a number of factors such as improving the accessibility to water, access to defined blocks of land that are designated to agricultural activities, etc. As consumption agriculture is important activity in the Umhlabuyalingana LM area, community garden initiatives have been established in Umhlabuyalingana LM and play an important role in alleviating poverty and ensure food security. The community gardens are the important generators for fresh vegetables in the area that is directed toward consumption needs. However, the poor design of these community gardens have resulted in a number of problems such and range from lack of infrastructure and funds to group dynamics

Production systems are considered to include the activities that are coordinated either by the government or private companies and such activities in Umhlabuyalingana include the production of:

- Cotton which is concentrated mainly in the Makhathini Flats area;
- Pineapples which are in a process of being introduced in the Umhlabuyalingana;
- Ground nuts;
- Essential oils;
- Honey
- Cashew nuts.

Households involved in consumption agriculture are involved in the production of a range of crops for household consumption which includes crops such as maize, amadumbe, sweet potatoes, etc. The type of crops grown in the various households throughout Umhlabuyalingana is again dependent on accessibility water resources and the type of soil conditions. Research has indicated that there is potential to commercially produce these crops but this is dependent on technology and the supply of water, for example, the provision of water irrigation systems. Livestock production also forms an integral part of community activities that ensure food security and also as an income generating resource includes livestock such as chickens, cattle and goats.

#### **1.2.11.14 AGRICULTURAL PROJECTS AND POTENTIAL AREAS FOR AGRICULTURAL DEVELOPMENT**

The areas for potential agricultural development in Umhlabuyalingana LM. it is evident that the full potential of the agricultural sector has not been fully realized in Umhlabuyalingana as the areas of existing agricultural activities is small in comparison to the areas that have agricultural potential. It is evident that Umhlabuyalingana has the opportunity to expand its agricultural sector in the following areas:

- Fruit tree farming - fruits that can be grown in the municipality include mango, amarula, coconut and lala palm

- Game ranching - such a development can impact on both the agriculture sector and the tourism sector.
- Irrigated farming
- Homestead farming in areas that have plot sizes of less than 5 hectares
- Homestead farming in areas that have plot sizes of between 5 and 50 hectares

#### **1.2.11.15 CASHEWS NUTS PROJECT AND ITS SPIN-OFFS**

Cashew nuts is an important part of the commercial agriculture sector in Umhlabuyalingana and it is grown in the areas around Umhlabuyalingana LM where the soils are most favourable. Cashew nuts have been in production in the Maputaland area since the 1980.s and began as part of a research project the Industrial Development Corporation. A joint partnership with Ithala Development Corporation was formed and Coastal Cashew (Pty) Ltd. Was established. In 1994 the scheme of this venture under Coastal Cashew (Pty) Ltd was extended into Manguzi in 1994 to include and is still in operation today. The development of the cashew nut out grower block has stimulated development and interest in other agricultural production initiatives for the Umhlabuyalingana LM and surrounding areas in the Maputaland region which includes:

- Essential oils
- Peanuts
- Honey
- Cashews
- Ground nuts

#### **1.2.11.16 GROUND NUTS**

The favourable coastal climate and sandy soils increases the potential for ground nuts production in the Maputaland area. Ground nuts projects have currently been established in Umhlabuyalingana LM where large tracts of land have been made available for this type of projects in areas such as Mboza.

#### **1.2.11.17 BEE-KEEPING AND HONEY PRODUCTION ACTIVITIES**

According to the MDIC (2012) bee keeping and honey production activities have been exclusively practiced the community in the forests that are owned by Sappi and Mondi in the Umhlabuyalingana LM. The MDIC further indicates that .honey production can be a lucrative business venture for community development [as] it has very little initial capital cost, little management is required [and it] promotes the retaining of indigenous trees in the area. It is ideal for resource poor farmers, as it requires low cost technology, minimum infrastructure and no land ownership. Eucalyptus trees provides excellent source for pollen and these are found extensively in the [uMkhanyakude] District and another opportunity exists in the natural forests in the game parks.



#### **1.2.11.18 PALMS**

Umhlabuyalingana LM is notable for the prolific growth of palms in this area. These palms are used by the local people for the manufacturing of handcrafts, while a significant quantity of the palm fronds (in particular the Lala Palm) is exported to other regions for use by craft workers. The sap of Wild Date Palm, and in particular the Lala Palm is used for the production of palm wine. The over-harvesting of palm could be a problem but current controls and active planting of palms are ensuring their sustainability. However, sale of palm material for craftwork outside of the district should be restricted.

#### **1.2.11.19 CONSTRAINTS AND LIMITS TO THE DEVELOPMENT OF THE AGRICULTURAL SECTOR**

A number of constraints that impede or limit commercial agricultural development in Umhlabuyalingana LM were identified in Umhlabuyalingana LM. Local Economic Development Strategy in 2007 and includes, but is not limited, to the following:

Access to adequately sized agricultural land is limited. Dispersed settlement patterns with no formal defined areas designated for agricultural production further limits agricultural production activities as well as access to sufficient land in areas under traditional leadership is limited. Settlements which are dense also occur primarily in high potential agricultural areas, limiting land availability for agricultural activities.

Land Claims - large portions of land under state authority cannot be developed until land claim issues are resolved. This is largely limited to the coastal forestry reserve and the Pongola flood plains.

Management and control of communal grazing areas for livestock. The management and stock of communal grazing land is difficult. This is largely due to overstocking of livestock in some areas which leads to the degeneration of land, the land that is available for grazing is not managed or maintained, livestock are often not contained in a specific area and their movements are not controlled and negatively impact on other areas such as croplands and conservation areas.

Consumption agriculture - Food security is naturally the prime motivation for crop selection and general agricultural practice. The change to producing a commercial cash crop has real risks associated with it, and it is difficult to overturn the habits and rituals of many generations. Way of minimizing risks and appropriate ways of introducing commercial ventures into the areas where consumption agriculture is practiced need to be employed.

Technical and financial support there is a lack of technical expertise and knowledge where the production of high value cash crops or niche market products is required.

Lack of sector strong organization. Although farmers groups do exist, and some activities such as ploughing may rely on the sharing of resources, there are generally not strong and effective agricultural organizations within the tribal areas. This denies the farmers benefits that could be derived from joint buying of seeds or fertilizer's, collective use of machinery, collective marketing and transport strategies.

Inadequate Processing and Storage Facilities. Processing and storage facilities are absent or lacking within Umhlabuyalingana LM, especially if high valuable, perishable and/or produce requiring processing is required. This is particularly so in the more remote, north eastern parts of the area, where the conditions are most conducive to tropical fruit production and aquaculture, where these facilities would be in the most demand (PS2 Consortium 2001:78 in Umhlabuyalingana LM 2007).

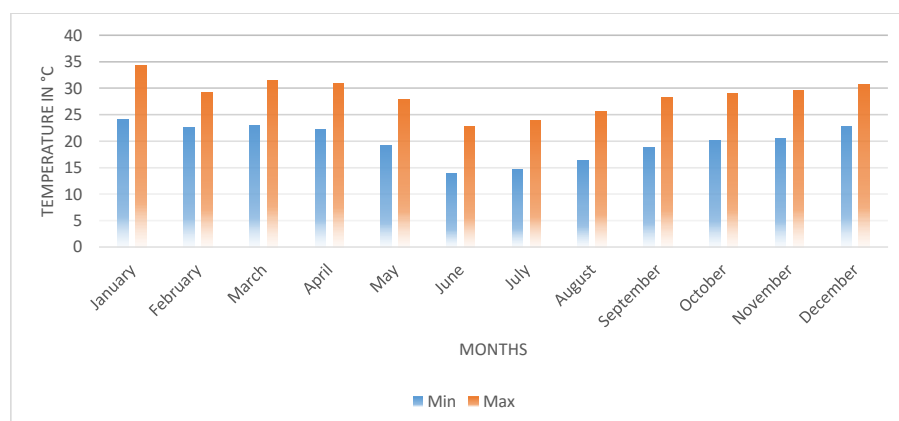
#### 1.2.11.20 AIR QUALITY

There is no data for air quality and will be incorporated during 2018/19 financial year.

#### 1.2.11.21 CLIMATE

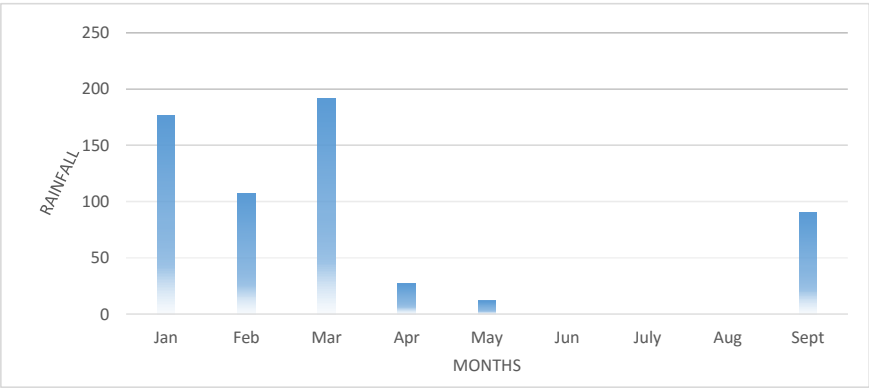
The climate condition of Umhlabuyalingana Municipal area is always warm and humid and is normally frost free.

GRAPH 1: MIN & MAX TEMPERATURES



*The graph indicating a rainfall recorded from January to December 2018*

GRAPH 2: THE GRAPH INDICATING A RAINFALL RECORDED FROM JANUARY TO DECEMBER 2018



## 1.2.12 STRATEGIC ENVIRONMENTAL ASSESSMENT

### 1.2.12 .1 TOPOGRAPHY

The general topography within Umhlabuyalingana municipal area is flat to gently rolling. This normally implies that there are limited hindrances for development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However, given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning the developments, activities that involve significant removal of vegetation or ground cover be avoided in the areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.

### 1.2.12 .2 SOIL

The soil type in the area is varied. However, the most predominant is sandy soil. Sandy soils by their very nature are unstable and are susceptible to erosion. Thus the soils in the area are sandy and erodible. These soils tend to have accelerated erosion under poor land uses and in areas where the topsoil is exposed. This accounts for the extensive erosion evident in parts of the transformed areas. It would be necessary to ensure that soil erosion prevention measures are planned and vegetation removal is kept to only areas where it is absolutely necessary. A rehabilitation programme to combat soil erosion and to re-vegetate eroded areas is also recommended.

### 1.2.12 .3 GEOLOGY

The geology of the central part of Umhlabuyalingana comprises sandy Aeolian (wind-blown) deposits that were deposited during the Quaternary Age. This formation generally comprises poorly consolidated yellowish or greyish sands extending to depths in excess of 30 metres below existing ground level and is characterised by the presence of a shallow water table. The uppermost portion of these soils (i.e.  $\pm 3\text{m}$  below existing ground level) is usually very loose to loose in consistency and becomes progressively medium dense to dense with depth. The sandy Aeolian soils are anticipated to classify as a fair sub grade material (i.e. G9 and poorer in terms of TRH14 classifications).

The most predominant geological feature is Cenozoic sediments, which is comprised of a 1–20 kilometre wide band of Cretaceous age rocks and is further subdivided into the Mzinene Formation, which consists of a siltstone with shelly concretionary layers. These soils are anticipated to extend to depths in excess of approximately 25 metres below existing ground level and are characterised by the presence of a shallow water table. The geology of the area is characterised essentially by glauconitic siltstone, which was deposited during the Cretaceous age respectively (Figure 1.19).

#### 1.2.12 .4 RIVERS & WETLANDS

The area has limited drainage lines and rivers with the exception of the Pongola River that runs on the western edge of the municipal boundary. However, there are extensive wetlands with the presence of typical wetland vegetation species like the Juncus species (Nncema). These hydrologically sensitive areas are mainly in the central and eastern sections of the municipal area under investigation. There are also patches of wetlands along the R22 Mbazwana bound road. The typically wet areas may be underlain by clayey sandy soils.

The most significant hydrological system in the area is the wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services, which for the area under investigation will, to a large extent, be the provision of grass for crafts and household uses and flood attenuation. Thus maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.

#### 1.2.12 .5 LAND COVER & GRASSLAND

The general vegetation type of the area is described as Maputaland Coastal Thicket (Figure 1.21). This vegetation type is said to be vulnerable within KwaZulu-Natal. According to the KZN Wildlife vegetation classification, the province has an estimated 148 840 hectares of this vegetation type of which 11, 2 percent is protected. It is estimated that approximately 9,684 percent of this vegetation type in the province is completely transformed and a further 17, 44 percent degraded. It is said that a total of approximately 73, 25 percent of this vegetation type is still untransformed. In view of these statistics, this vegetation type is classified as vulnerable and therefore care needs to be taken in order protect its conservation significance in the province and in the country as a whole.

It is noted that a fairly large portion of this vegetation type within the project areas, especially along the main roads and tracks, is degraded or completely transformed. From this it can be seen that the majority of the project area still has fairly untransformed Maputaland Coastal Thicket, which is said to be vulnerable. From this assessment also, it was noted that the Maputaland Coastal Thicket is dominated by grassland. Portions of this grassland are still in fairly good condition.

The settlement activities in the area have resulted in a significant degradation of the vegetation, especially within around Phelandaba and Mbazwana. This confers 'a reduced' conservation significance on the site. However, in terms of environmental legislation, development of any site greater than 1 hectare (whether in a suitably good vegetation condition or derelict), requires authorisation from the Provincial Department of Agriculture and Environmental Affairs. Given the status of the vulnerable vegetation at a municipal level, care needs to be taken in the planning of developments so that unnecessary disturbances do not occur on the untransformed thicket and grassland.

Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

## 1.3 SERVICE DELIVERY OVERVIEW

### BASIC SERVICES

In order to provide an overview of the current levels of basic infrastructural service provision in the municipal area, the 20011 Census and 2016 Community Survey results are the basis for the information below.

### 1.3.1 SERVICE DELIVERY ACHIEVEMENTS TRANSFORMATION AND CHALLENGES ACCORDING 6 KPA'S

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT		
NO.	CHALLENGES	INTERVENTIONS
1	Slow progress w.r.t. implementation of Retention Strategy and OPMS Framework IPMS Policy-	The municipality is currently in a process of developing Retention Strategy which will look at the current challenges facing the municipality and focal areas which can boost the morale of its employees and encourage them to participate fully in running of the institution. The focus areas include amongst others; employee assistance programmes, training and capacity building, implementation of Performance Management System (PMS) with non-monetary rewards and encouraging job rotation where possible.
2	Slow progress in finalization of TASK Job Evaluation hampering the grading of posts within the municipality and causing unrest.	Communication has been established with uMhlathuze Job Evaluation Committee and budget will be set aside in 2019/2020 budget for obtaining license for staff job descriptions to be evaluated.
3	Network infrastructure resulting in poor ICT (Poor infrastructure, geographical location and cable theft posing challenges).	Alternate methods of internet connectivity are being explored to cater for unique ICT needs of Umhlabuyalingana which are mostly attributed to geographical location, slow progress in development, cable theft and poor infrastructure. Alternative methods like towers and satellite connection are being explored.
4	Limited funding towards structured trainings and capacity building programmes which will assist the employees to enhance capacity.	There is an on- going consultation with relevant stakeholders like LGSETA to apply for grant funding where possible and to cease opportunities where stakeholders like SALGA and COGTA can provide such assistance. The funding

		set aside from municipal budget is inadequate to cover all training needs. The establishment and sustainability of government funded training institutions will have positive impact in overcoming this challenge.
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>		
1.	Electricity capacity constraint	ESKOM is putting infrastructure in place to boost electricity capacity.
2.	Water shortage due to poor planning at a district level, i.e. alignment of RBUBIG and MIG	COGTA has intervened in the District municipality to the extent that UMGENI water and UMHLATHUZI water are appointed as support entities in the entire district
3	Sanitation backlog	District function
4.	Poor coordination between the local and provincial sphere (department of Transport) thus leading to unsatisfactory road conditions in Umhlabuyalingana, this despite the efforts from the local municipality	Umhlabuyalingana municipality is in a process of developing a capital investment framework, in line with the SDF with express intention to identify all areas that require attention and then elevate to the relevant authorities through the IGR meetings
5.	Poor maintenance of existing public facilities	The municipality is putting more funds to address public facilities.
<b>LOCAL ECONOMIC DEVELOPMENT</b>		
1	High rate of the economically active population receives either no income, or less;	Introduction of more responsive training opportunities to capacitate the business population.
2	Household income levels in the municipality are extremely low;	Identification and implementation of more labour intensive catalytic projects



3	Unsustainable agricultural economy and reduced tourist length of stay due to restrictions on various tourism experiences.	Development of an inclusive LED strategy monitoring plan with clear institutional arrangements that will focus on agricultural production sustainability while also unlocking tourist experience in a responsible manner.
4	Non-compliant business operators and high rate of illegal immigrants taking over on local enterprises.	Enforcement of trading by-laws to enhance competitive and compliant trading environment.
5	Limited energy supply which compromises investment rate;	Enforcement of a responsive renewable energy technology plan to boost the current gap between energy supply and demand private sectors
<b>FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>		
1	Low revenue base and highly dependent on Grant Funding owing to financial constraints.	Implementation of revenue enhancement strategy.
2	Poor revenue enhancement strategy	Implementation of revenue enhancement strategy.
3	Un-co-operative business community in the implementation of the MPRA	Awareness campaigns that aim to educate and involve the business community on the impact thereof.
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>		
1	Poor functioning of IGR structures	Promote participative, facilitative and accountable governance. Policy and strategy co-ordination IGR
2	Lack of comprehensive understanding of the role and responsibilities of the MPAC	Facilitate capacity building programmes directed to MPAC roles and responsibilities

3	Functionality of ward committees is not consistent across all wards	Improve the administration of ward committees through reviewing the organogram to reflect the administrative aspect of ward committees
<b>CROSS CUTTING INTERVENTION</b>		
1	Lack of intergovernmental linkages	Improve IGR participation
2	Slow progress in the formalization of towns (Manguzi and Mbazwana) as approved by the KwaZulu Natal Cabinet in 2011	Umhlabuyalingana Spatial Development Framework identifies important nodes, such as Mbazwana (Primary Node), Manguzi (Primary Node), etc. Obviously, these nodes have different functions or roles in the development of Umhlabuyalingana. The successful development of Manguzi and Mbazwana Towns would have many economic benefits for the people of Umhlabuyalingana. In five years' time, Umhlabuyalingana would have made significant progress in terms of attracting investors to the towns, thereby creating a platform for a sustainable revenue base for the municipality.
3	Response to climate change	Sound and effective disaster management Increase productive use of land resource.
4	Umhlabuyalingana Municipality is currently experiencing problems with poor response public involvement in the implementation of the land use scheme and land management.	Preparation of the wall to wall scheme as required in terms of the KwaZulu-Natal Planning and Development Act is set to be underway in 2016/17 financial year.

### 1.3.2 WATER

Table 9 illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water, although the majority of households still rely on natural resources for their water supply. Only 10 percent of households have access to piped water inside their dwellings.

TABLE 9: DISTRIBUTION OF HOUSEHOLDS BY ACCESS TO PIPED (TAP) WATER FOR 1996, 2001 AND 2011

Municipality	Piped (tap) Water inside Dwelling/Yard			Piped (tap) Water on a Communal Stand			No Access to Piped (tap) Water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
Umhlabuyalingana	1 149	3 394	10107	1 633	4 974	9 278	16382	17955	14472

(Stats SA: Census)

### 1.3.3 SANITATION

The type of sanitation facility utilised by households is illustrated in Table 10. There are very few households which have access to the flush toilet sewer (including flush septic tank). A positive trend between 2001 and 2007 has been the decrease in the number of individuals who do not have access to any form of sanitation facility.

TABLE 10: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF TOILET FACILITY FOR 1996, 2001 AND 2011

Municipality	Flush or Chemical Toilet			Pit Latrine			Bucket Latrine			None		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
Umhlabuyalingana	214	3 159	7 400	5 461	4 615	18 933	122	218	476	13 542	18 333	6 226

(Stats SA: Census)

### 1.3.4 ELECTRICITY

The energy source used by households for cooking and lighting purposes. It is estimated that only 2 480 and 3 474 households have a supply of electricity for cooking and lighting purposes respectively.

### 1.3.5 TRANSPORT INFRASTRUCTURE

At a regional level, Umhlabuyalingana has a well-established road connectivity comprising national and provincial, which link different areas within the municipality. The routes that currently provide this role include R22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns, which include Mbazwana, Manguzi, Somkhele and Phelandaba. The R22, in particular, links the area with Hluhluwe town, N2 and a number of towns towards the south of Umhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of R22 and its declaration as an LSDI Route during the early 2000s has drastically improved accessibility and connectivity at a regional scale and serves as an opportunity for corridor based development.

However the same cannot be said about the other three significant connector routes. The P522 links the area town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretch for many kilometres. It appears as if more focus has been placed on temporarily patching the potholes without addressing the root cause of the road situation, i.e. to re-tar and reseal the entire route since it has exceeded its life span. The P447 and P444 are provincial routes that link different settlements (especially in Mashabane) with the town of Mbazwana. These are currently gravel 'sandy' roads which need serious attention. It should also be borne in mind that light vehicles are unable to easily use these routes during the heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment report of the municipal road network completed in 2007, the Umhlabuyalingana Municipality has a total of 346 kilometres of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8 percent of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the Umhlabuyalingana Municipality has 152 kilometres of paved roads, 169 kilometres of gravel roads and 26 kilometres of tracks.

With exception of the road from Mbazwana to Manguzi, the road network is in a poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads are mere tracks.

According to uMkhanyakude District IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes within Umhlabuyalingana. The "bakkies", which are considered to be illegal passenger transport vehicles, still provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to travel due to the poor quality of the roads. No bus termini facilities are provided within the area. Table 1.8 gives an indication of the accessibility of public transport within the municipality.

**TABLE 11: PUBLIC TRANSPORT WITHIN UMHLABUYALINGANA (UMKHANYAKUDE DISTRICT MUNICIPALITY PUBLIC TRANSPORT PLAN REPORT, SEPTEMBER 2006)**

Main Route	Main Route Description	Number of Passengers per Peak	Percentage of Active Seats Used	Number of Trips	Average Occupancy per Vehicle
KZN-R0032F-U	Jozini to Sikhemelele	224	100,00	15	14,9
KZN-R0036F-U	Manguzi to Ezangomeni	570	95,96	38	15,0
KZN-R0061F-U	Mbazwane to Mseleni	285	100,00	19	15,0
KZN-R0066F-U	Mbazwane to Sodwana Bay	267	100,75	20	13,4
KZN-R0056F-U	Mbazwane to Manzibomvu	170	116,47	17	11,6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. When commuting, whether by motorized or non-motorized means, people face many challenges within the municipal area.

These can be summarised as follows:

- Poor conditions of roads;
- Inadequate pedestrian signs and markings and off-loading areas, especially within the few urban areas;
- Limited traffic calming measures within high accident areas;
- Absence of traffic lights, especially at major intersections;
- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.

The areas that should be considered for intervention include improving pedestrian signs, markings and off-loading areas, especially in the urban areas. The traffic calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights, especially at major intersections, should be provided.

Umhlabyalingana does not have an established public and goods rail transport system. The railway line runs parallel to the N2 within the uMkhanyakude District. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but it passes outside of the Umhlabyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

Umhlabyalingana does not have an established or operational air transport system. Small landing strips (airstrip) exist within both Mbazwana and Sodwana Bay. However, the condition of these facilities is currently unknown.

### 1.3.6 ACCESS TO COMMUNITY FACILITIES

Umhlabuyalingana Municipality is served by two hospitals and 17 clinics. The hospitals are located in Mseleni and KwaNgwanase, while the clinics are strategically placed in the areas of greater population densities. By applying the same principle as above, with radiuses of 10 kilometres for clinics and 50 kilometres for hospitals, it appears that 91, 6 percent of municipal households have access to health facilities. The application of another form of planning standards suggests that a population of 50 000 people is required for a hospital while a clinic should be provided for every 6 000 people. This therefore suggests that ideally the area is supposed to be serviced by three hospitals and 26 clinics, which suggests a backlog of a hospital and nine clinics. It must be noted that these standards tend to be difficult to comprehend in a rural context, especially in an area such as Umhlabuyalingana which is characterised by sparsely populated settlements.

There are currently 98 primary schools and 36 secondary schools in the Umhlabuyalingana municipal area (Figure 1.17). The uMkhanyakude Spatial Development Framework analysed the placement of these schools in relation to the settlement pattern within the municipality, to determine accessibility to these facilities. The method used was to apply a buffer of 2 000 metres around a primary school and 5 000 metres around a secondary school, and all households falling outside the buffer were deemed not to have access to education facilities. From the analysis it was determined that 29, 7 percent of households within the municipality do not have access to education facilities.

This figure might seem acceptable in terms of service standards for rural areas, except for the fact that the learner/teacher ratio in the municipality is between 38 to 40 learners per teacher. The average number of learners per classroom varies from 54 to 56, which is unacceptable in terms of the Department of Education standards.

Application of other planning standards for education facilities suggests that there should be one primary school per 600 households and one secondary school for every 1 200 households. This suggests that the area should have 272 primary schools and 136 secondary schools. This suggestion indicates a backlog of 174 primary schools and 100 secondary schools. Once again these standards are more applicable in the urban context.

### 1.3.7 CEMETERIES

There is very little data regarding the need for cemeteries, since neither the district nor the municipality has compiled a cemeteries master plan. The general observation regarding the placement of cemeteries is that the placement of these facilities is closely related to cultural and religious traditions. These facilities are normally located close to areas of settlement. It is custom in rural areas to bury the dead close to the homestead in which the individual lived, and specifically within the boundaries of a specific traditional authority.

There is need to ensure that all communities have access to adequate burial facilities in the most proper way. This would include the identification of cemetery sites within the small towns or emerging nodes (Manguzi, Mbazwana, Skhemelele and Phelandaba) since home burial cannot be considered to be an ideal situation in those cases. Such cemeteries will need to be fenced and

maintained. Cemeteries also need to be secured in order to ensure preservation of heritage and prevent vandalism of graves and tombstones.

### 1.3.8 SPORTS FACILITIES

The municipality is comprised of mainly a youthful population and this warrants that specific attention should be given to the development of sport and recreation facilities and initiatives. Currently there are no formal sport stadiums within the area. These facilities will need to be constructed and maintained as and when required.

## 1.3.9 PUBLIC SAFETY & SECURITY

### 1.3.9.1 POLICE SERVICES

There are two police stations in Umhlabuyalingana that is Mbazwana and Manguzi. South African Police Service (SAPS) is currently investigating the feasibility of developing another police station in Ntshongwe and have erected a mobile police station at Skhemelele. This will improve access to police services and public safety and address increasing levels of crime. According to SAPS (2011 Crime Statistics), the most common crimes in the area include: at residential premises; and assault with intention to inflict grievous bodily harm.

### 1.3.9.2 ROAD SAFETY

A Traffic Law Enforcement and Licensing Unit was established in 2009 and entrusted with the following responsibilities:

- Learners licences – all codes
- Driving licences for light and heavy motor vehicles
- Renewal of driving licences and professional driving permits.
- Replacement of temporary driving licences and learners licences
- Conversion of foreign driving licences
- Enforcement of municipal by-laws.

The municipality is in the process of developing vehicle testing station which will issue vehicle certificate of roadworthiness and certificate of fitness.

### 1.3.9.3 DISASTER MANAGEMENT

**DISASTER RISK MANAGEMENT** (incorporation fire and rescue services unit) the number of employees has increased from 2 to 11 in the last 5 years the Municipality has strengthen the function in the area. The unit also provide a number of Awareness campaigns in the area. The unit also embark on Number of Proactive measure to reduce the number of incidents in the area. Amongst other things the disaster management unit conducts inspections in public facilities and

businesses. The unit has managed to provide temporal relief to almost 99% of the reported incidents.

#### **1.3.9.3 DISASTER MANAGEMENT**

Umhlabuyalingana Local Municipality established a Disaster Management Unit in 2011 with the assistance of the Provincial Disaster Management Centre following the cancellation of a service level agreement with Rural Metro in 2009. It is noted that disaster management is a district function, but uMkhanyakude District does not have the capacity to assume this function. It is only recently that the district initiated a process to formulate a Disaster Management Framework. With all the incidents that have occurred in Umhlabuyalingana over the past few years, the district has failed to assess these incidents and where applicable, declare a disaster situation. The common disasters within Umhlabuyalingana are as follows:

- Strong wind
- Structural fires
- Lightning
- Floods
- Veld fires – the area is generally dry and prone to veld fires
- Accidents – some of which are caused by stray animals.
- Drought

Some of these are common disasters throughout the uMkhanyakude District. As a response to this and in compliance with the requirements of the Disaster Management Act (Act No. 57 of 2002), which requires each metropolitan and each district municipality to establish and implement a policy framework for disaster risk management within its area of jurisdiction, uMkhanyakude District has initiated a process. The Act further prescribes the consultation and participation of local municipalities in the development and establishment of District Disaster Risk Management Policy Frameworks. Accordingly, the uMkhanyakude District Framework is being finalised with Umhlabuyalingana as one of the participating municipalities. It is expected that the final framework will clarify roles and responsibilities and the future role of the Umhlabuyalingana Disaster Management Unit.

### **INTEGRATED INSTITUTIONAL CAPACITY FOR DISASTER RISK MANAGEMENT**

#### **KEY PERFORMANCE AREA**

##### **1: INTEGRATED INSTITUTIONAL CAPACITY FOR DISASTER RISK MANAGEMENT**

#### **CRITICAL DISASTER MANAGEMENT STRUCTURES RESPONSIBLE FOR THE IMPLEMENTATION AND MONITORING OF DISASTER MANAGEMENT POLICY AND LEGISLATION:**

##### **MUNICIPAL DISASTER MANAGEMENT ADVISORY FORUM**

In terms of disaster risk reduction, the local sphere of government is the first line of defence and, in the event of disaster occurring or threatening to occur, Umhlabuyalingana have the full functioning advisory forum which meet once per quarter.



#### **PURPOSE:**

Section 44(1) (b) of the Disaster Management Act No. 57 of 2002 (DM Act), calls for an integrated and coordinated approach to disaster risk management in municipal areas. To make provision for the integration and coordination of disaster risk management activities and to give effect to the principle of co- operative governance in the UMhlabuyalingana Municipality, the municipal council may establish a Disaster Risk Management Advisory Forum. Section 51 of the DM Act makes provision for the establishment of such a forum.

#### **DISASTER RISK ASSESSMENT**

##### **Objective**

Establish a uniform approach in identifying, assessing and monitoring disaster risks that must inform disaster management planning and disaster risk reduction undertaken by organs of state and other role players.

#### **DISASTER RISK ASSESSMENT**

Disaster risk specifically refers to the likelihood of harm or loss due to the action of natural and man-made hazards or other external threats on vulnerable structures, services, areas communities and households. Disaster risk assessment is the first step in planning an effective disaster risk reduction programme. It provides an objective and transparent information for making decisions on countermeasures to reduce disaster risk. It examines the likelihood and outcomes of expected disaster events, and includes investigation of related hazards and conditions of vulnerability that increases the chances of loss and also the capacity or resources to deal with such hazards and vulnerabilities.

#### **DISASTER RISK REDUCTION**

##### **Objective**

To ensure that all disaster risk management stakeholders develop and implement integrated disaster risk management plans and risk reduction programmes in accordance with approved frameworks.

#### **CORE DISASTER RISK REDUCTION PRINCIPLES**

In this section the focus is on disaster risk reduction strategies required for the identified common risks and hazards in KPA 2. Prevention and mitigation strategies are looked at. Structural and non-structural measures need to be undertaken to limit the severity of the adverse impact of natural and technological hazards on vulnerable areas, communities and households. Prevention where possible is undertaken to provide outright avoidance of the adverse impact of hazards and related environmental, technological and biological disasters. The table below indicates hazards which normally turn into disaster risks due to the vulnerability of the community and environment because of the lack of capacity and alertness. Known causes are explained, recommendations for the prevention/ mitigation/ reduction mentioned, and projects for risks reduction tabled for implementation.

#### **RESPONSE AND RECOVERY**

##### **Objective**

To ensure effective and appropriate disaster response and recovery by: uMhlabuyalingana have a 24hours response car with 5 employees who are on standby daily to respond to any incident during day and night. uMhlabuyalingana also Implementing a uniform approach to the dissemination of early warnings via emails and social media , Averting or reducing the potential impact in respect of personal injury, health, loss of life, property, infrastructure, environment and

government services, 2 Implementing immediate integrated and appropriate response and relief measures when significant events or disasters occur or are threatening to occur, 2 Implementing all rehabilitation and reconstruction strategies following a disaster in an integrated and developmental manner. For example giving relief stock like blanket, sponge and tent if necessary to the victims of the disasters

### 1.3.10 HUMAN SETTLEMENTS

#### 1.3.10.1 SETTLEMENT PATTERN

The spatial pattern of the area has developed as a result of various factors including, the settlement pattern, natural features and infrastructure. Umhlabuyalingana is generally rural in character. It is characterised by expansive low density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads, with conurbation of commercial activities occurring in strategic points thus giving rise to development nodes. This pattern is a result of the unfortunate history of the area. The previous (apartheid) government discouraged development in the area as a means to control movement of the freedom fighters between South Africa and Mozambique in particular. Prevalence of malaria in the area also contributed to the lack of development. This is despite the area having received significant attention in terms of development planning since the 1990s (*Vara, Wendy Force and Associates, etc.*).

#### 1.3.10.2 INFORMAL SETTLEMENTS

It is more often than not argued that this municipality has a challenge with informal settlements. By natural default, the area of Umhlabuyalingana determines itself to be rural in character and as such 99 percent of the area is classified as rural. This is evident throughout the municipal area when you look at the housing typology and the dispersed rural settlements with the poor road infrastructure interlinking them.

Dwelling units constructed of traditional material are still prevalent in the area, however, the municipality does not consider these to be “informal settlements” for the simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes, i.e. acquiring approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

Generally speaking and on the basis of the above, in the context of Umhlabuyalingana it will be socially incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

### 1.3.10.3 SUITABLE LAND FOR HOUSING DEVELOPMENT

The Local Municipality of Umhlabuyalingana area of jurisdiction spreads for approximately 3 613km<sup>2</sup> in land magnitude. In terms of land tenure, an estimated 60 percent of the municipal area falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40 percent consisting of commercial farms and conservation areas (*Source: Stats SA, Census 2011*).

Like many rural municipalities in South Africa, Umhlabuyalingana was established [ito the Municipal Systems Act 32 of 2000] at the time when unplanned small rural towns/villages (organic towns/villages) had already emerged and as such the culture of identifying suitable land for housing purposes has never been practiced. It is imperative to sensitise the afore when one has to infomercial exhaust this vein, as is, the municipality is currently crafting a wall-to-wall Spatial Development Framework (SDF) and scheme(s) for Manguzi and Mbazwana towns respectively. This is a two-fold exercise that will involve a high level land identification and designation wherein, feasible land for future housing expansions will be identified and other subsequent specialist investigations will have to be undertaken for each specific land parcel.

Parallel to this the District Municipality of uMkhanyakude is currently developing a district wide Environmental Management Framework which will also serve as informant for decision-making for future identification of feasible land for housing expansion. There is currently one housing project in the rural area that is under construction, i.e. Mabaso. There are however plans for additional projects in the traditional authority areas.

## 1.4 FINANCIAL HEALTH OVERVIEW

Total revenue for 2018/2019 for the municipality has increased by 11% when compared to 2017/2018 financial year. The municipality's own revenue in 2018/19 financial year increased by 4% when compared to 2017/18 financial year, and this is largely due to increase in Interest received from investments and refuse removal revenue. The operating expenditure has also increased by 13% when compared to 2017/2018 financial year, the increase is largely due to increase in contracted services, operational costs and employee related costs.

**TABLE 122: FINANCIAL OVERVIEW**

Financial Overview: Year 2018/2019			
Details	Original budget	R' 000	
		Adjustment Budget	Actual
<b>Income:</b>			
Government grants & Subsidies	178 051 000	178 996 000	194 914 176
Taxes, Levies and tariffs	19 516 725	19 963 019	19 963 019
Other	13 112 582	21 577 618	13 891 735
<b>Sub Total</b>	<b>210 680 307</b>	<b>220 536 637</b>	<b>228 768 930</b>
Less: Expenditure	(157 468 578)	(219 089 001)	(209 193 337)
<b>Net Total*</b>	<b>53 211 729</b>	<b>1 447 636</b>	<b>19 575 593</b>

Government grants includes funds that were received from the KZN COGTA during the adjustment budget. Government grants contributes 83% of the total revenue of the municipality in this financial year.

Employee costs represent 38% of the total operating expenditure, repairs and maintenance represent 4% of the net value of property plant and equipment. This ratio is below the norm as per MFMA circular 71 and it is a reflection that insufficient monies are being spent on repairs and maintenance to the extent that it could increase impairment of useful assets.

**TABLE 113: OPERATION RATIOS**

Operating Ratios	
Detail	%
Employee Cost	38%
Repairs & Maintenance	4%
Finance Charges & Impairment	1%

**TABLE 114: TOTAL CAPITAL EXPENDITURE**

Total Capital Expenditure: Year 2018/19		
Details	2017/2018	2018/2019
<b>Original Budget</b>	60 587 330	60 587 330
<b>Adjustment Budget</b>	35 587 330	40 600 863
<b>Actual</b>	38 562 524	40 703 964

The overall expenditure percentage against the Original Budget is 69% and the overall expenditure percentage against the Adjustment budget is 100%.

## **1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW**

### **1.5.1 MUNICIPAL ADMINISTRATION**

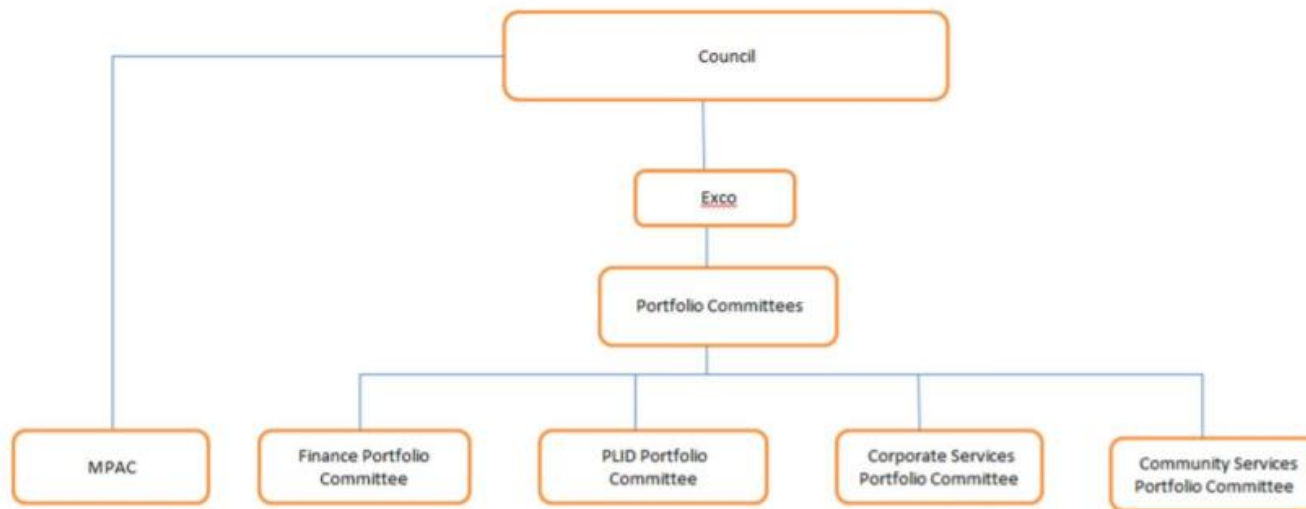
#### **1.5.1.1 ORGANISATIONAL STRUCTURE**

The municipality has developed and approved an organogram based on the mandate, powers and functions and need for effective administration. The organogram defines organisational structure and makes provision for the following departments and strategic programmes:

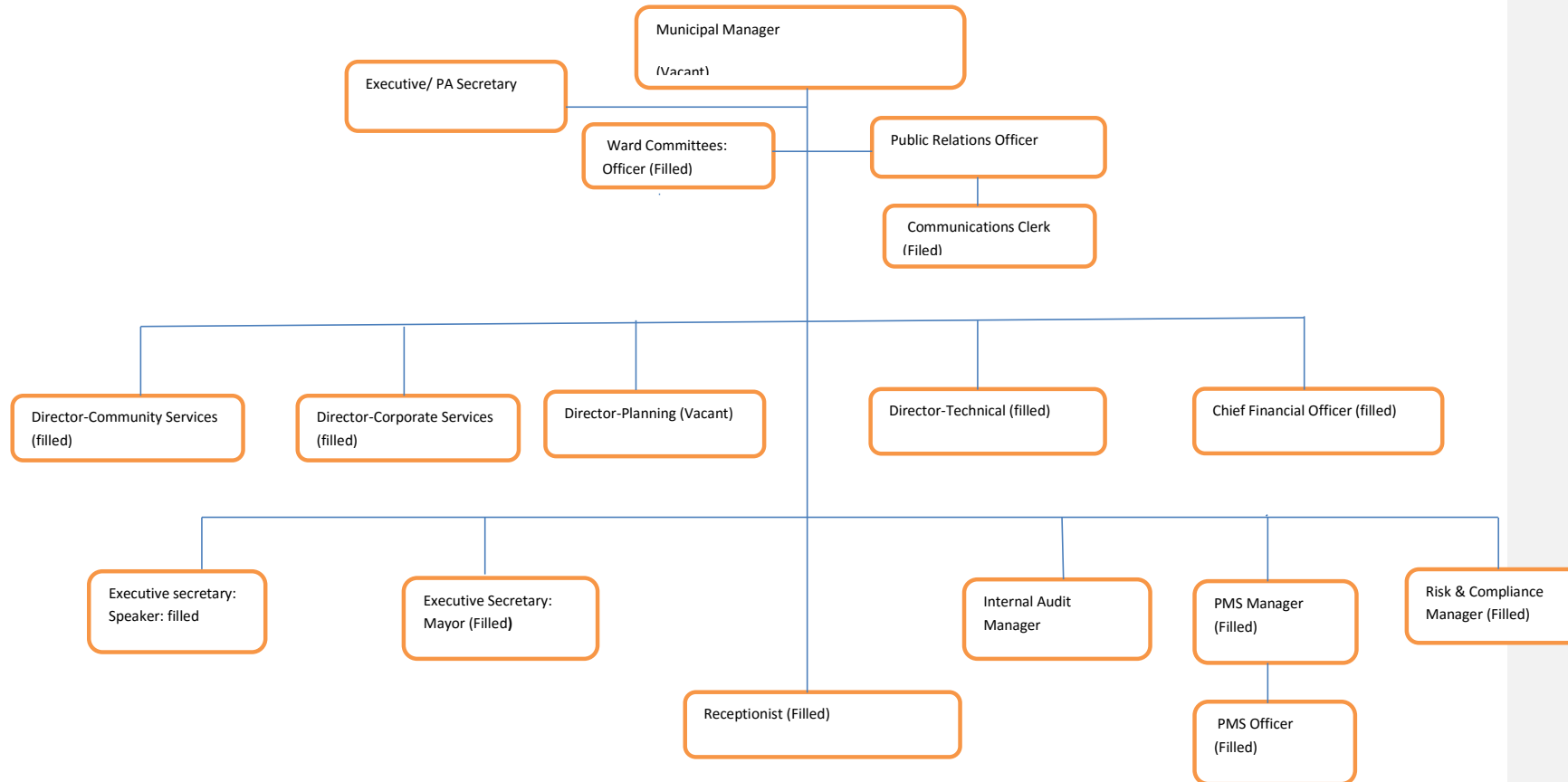
- The Office of the Municipal Manager
- Corporate Services Department
- Technical Services Department and Local Economic Development
- Finance Department
- Community Services Department

The implementation of the organogram is a priority for the municipality given a need to create sufficient capacity to implement the IDP and render services effectively. The organogram is revised annually to cater for the changing needs of the municipality. However, the key challenge is to attract and retain qualified and experienced personnel. This could be ascribed to the remote location of the area in relation to major urban centres and the limited resources available to the municipality for staff remuneration.

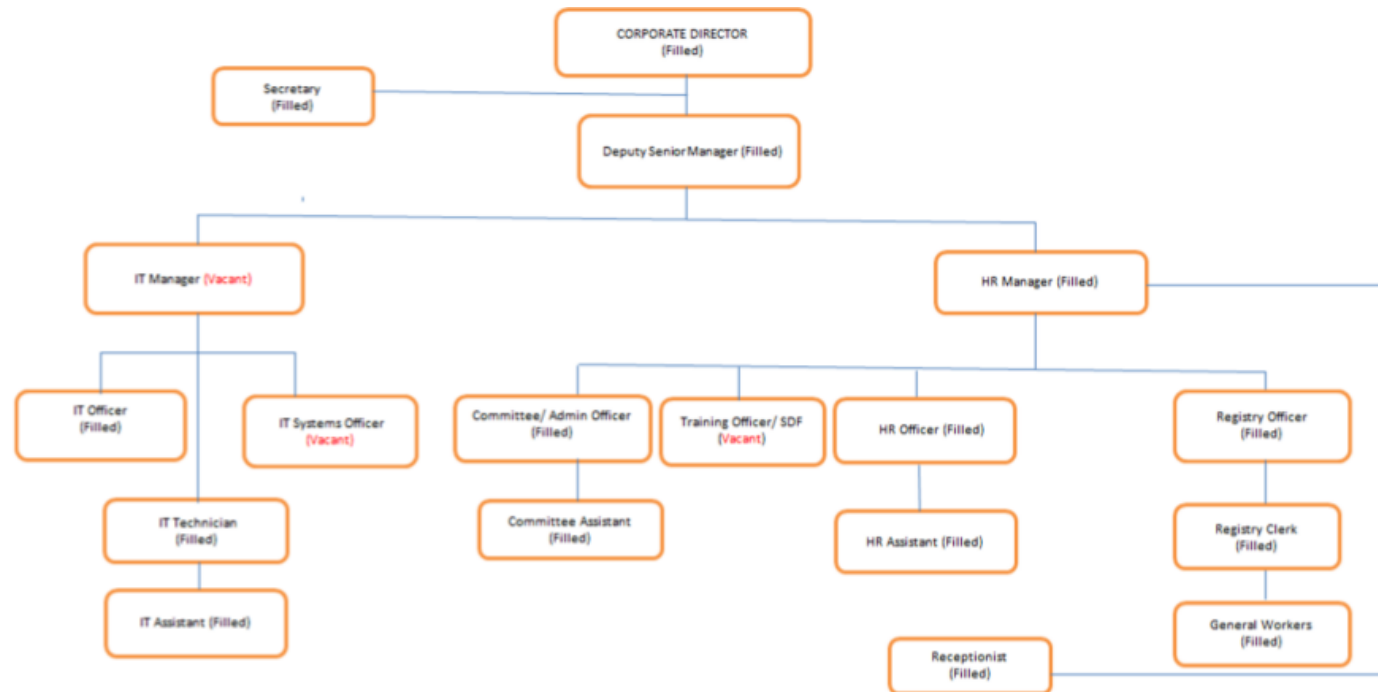
## UMHLABUYALINGANA MUNICIPAL ORANOGRAMME



## CURRENT ORGANOGRAM FOR: MANAGEMENT DEPARTMENT:

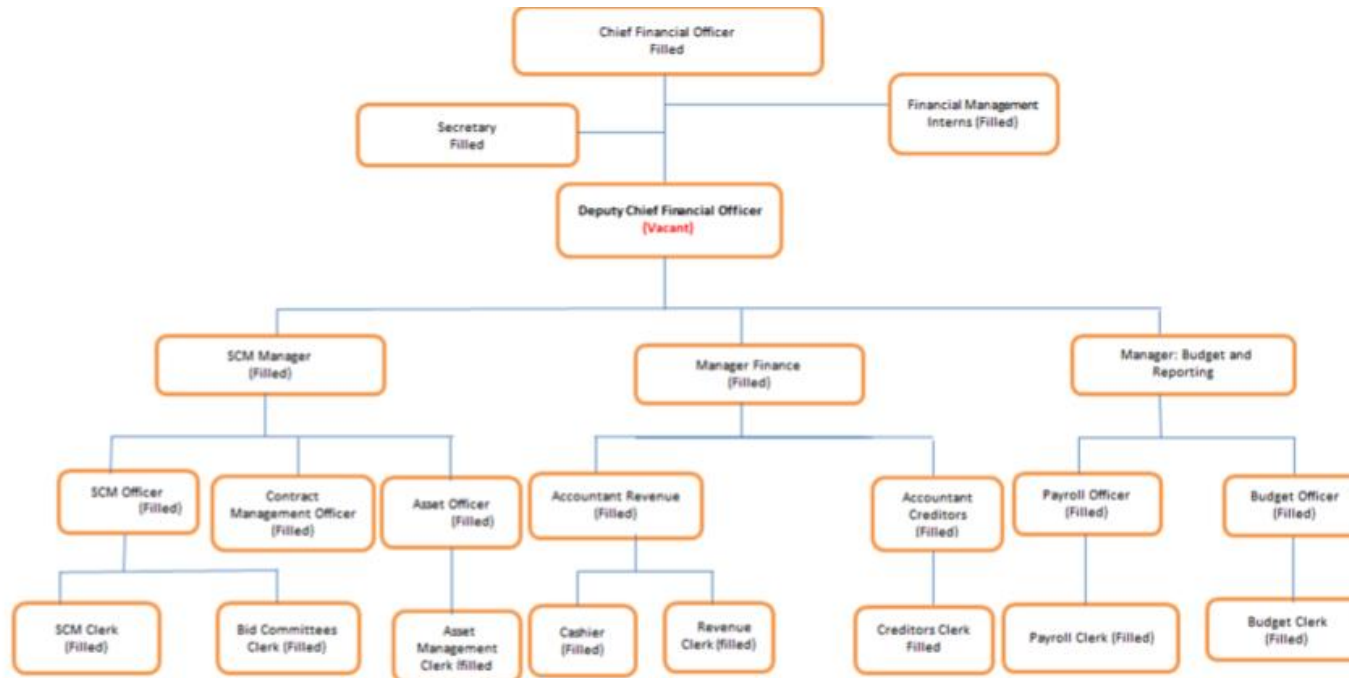


## CURRENT ORGANOGRAM FOR CORPORATE SERVICES:

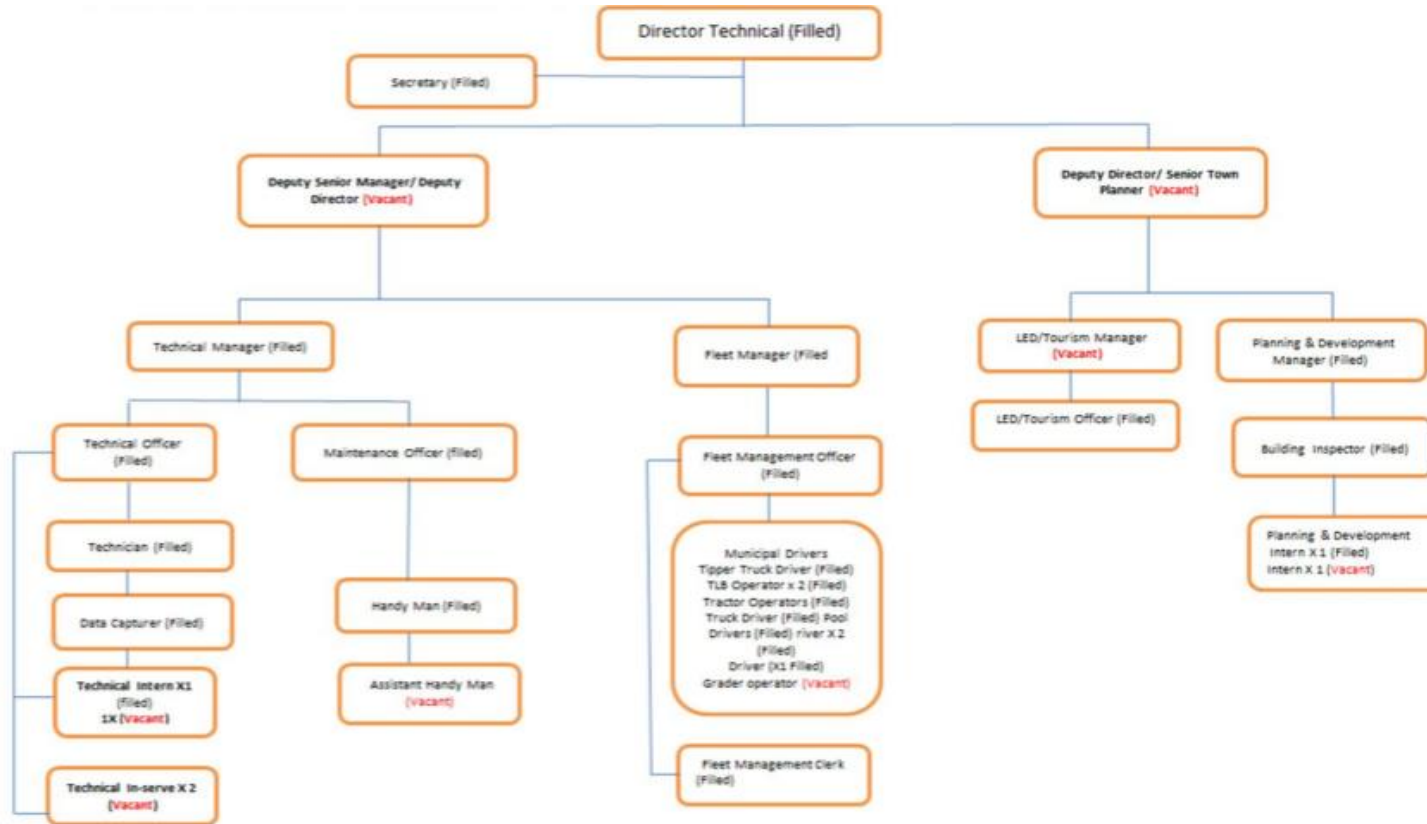




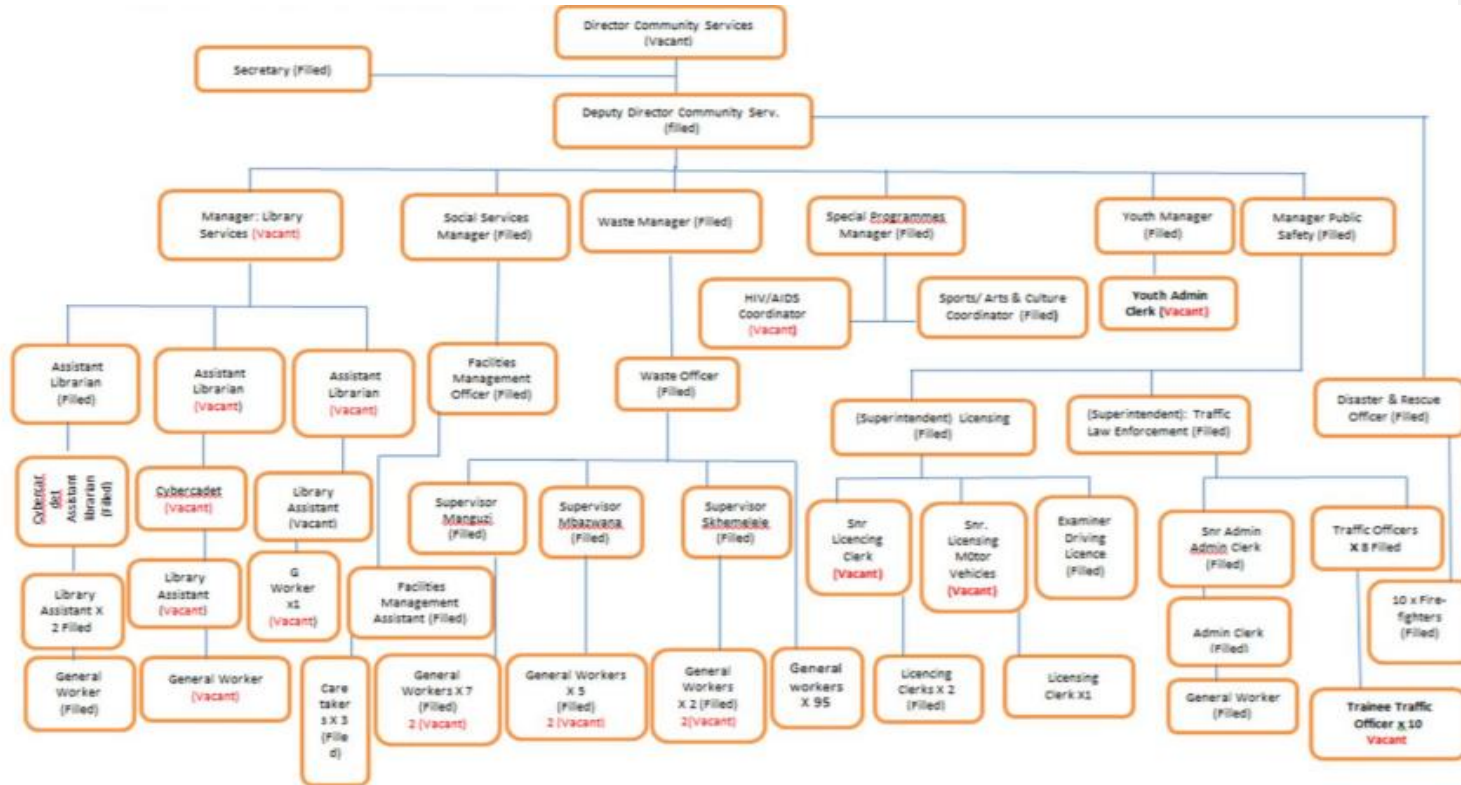
## CURRENT ORGANOGRAM FOR FINANCE DEPARTMENT:



## CURRENT ORGANOGRAM: DEPARTMENT OF TECHNICAL SERVICES:



## CURRENT DEPARTMENT OF COMMUNITY SERVICES:



## 1.6 AUDITOR GENERAL'S REPORT 2018/2019

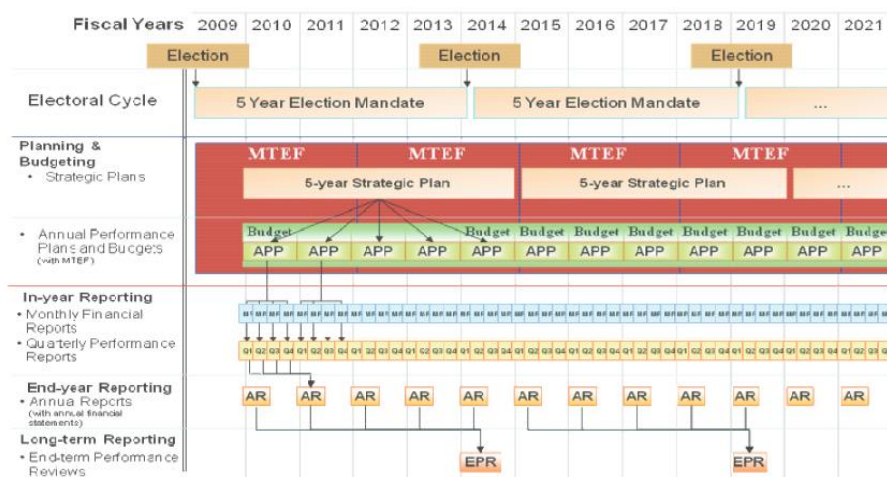
The municipality received an unqualified audit opinion during 2018/2019 financial year. It is the intention of the municipality to regain the clean audit opinion it received in 2014/15, 2015/2016 and 2016/2017 financial-years. The 2018/2019 audit report is contained in Chapter 6 of this annual report.

## 1.7 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July 2019
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2019
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2019
12	Municipalities receive and start to address the Auditor General's comments	November 2019

<b>13</b>	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
<b>14</b>	Audited Annual Report is made public and representation is invited	
<b>15</b>	Oversight Committee assesses Annual Report	
<b>16</b>	Council adopts Oversight report	<b>March 2020</b>
<b>17</b>	Oversight report is made public	
<b>18</b>	Oversight report is submitted to relevant provincial councils	
<b>19</b>	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	<b>January 2020</b>

### 1.7.1 THE RELATIONSHIP AND TIMING OF THE DIFFERENT ACCOUNTABILITY



### 1.7.2 STRATEGIC PLANS

The municipality conducted a strategic planning session during 2015, setting out the municipality's policy priorities, programmes and project plans for a five-year period, as approved by its executive authority, within the scope of available resources.

The strategic plan focused on strategic outcomes oriented goals for the municipality as a whole, and objectives for each of its main service-delivery areas aligned to its budget programmes and, where relevant, also its budget sub-programmes.

A strategic plan covers a period of five years, ideally from the first planning cycle following an election, linked to the identified outcomes of the Presidency. Although plans may have a longer timeframe, they are revised every five years, and a draft new or revised strategic plan was prepared for consideration. Departments tabled their strategic plans for budgeting purpose. Linked to a strategic plan is the consideration of the MTSF, the provincial growth and development strategies, IDPs of the municipality, Performance Agreements and Service Delivery Agreements entered into in terms of the broad strategic outcomes and any other relevant long term government plans. The municipality's resources and capabilities were also considered. The document lays the foundation for the development of Annual Performance Plans.

### 1.7.3 ANNUAL PERFORMANCE PLANS / SDBIPS

Annual Performance Plan setting out what the municipality intends doing in the upcoming financial year and during the MTEF to implement its strategic plan.

The SDBIPS sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the municipality realizing its goals and objectives set out

in the Strategic Plan. Where appropriate, the plan has quarterly breakdown of performance targets for the upcoming financial year.

To simplify performance tracking, in-year changes to the plan should be made during the mid-year review. Where the municipality's performance exceeds or misses targets due to in-year budget changes or for another reason, this is noted and documented in the mid-year report. In-year monitoring of the Annual Performance Plans/SDBIPs is conducted through the quarterly performance reports and end-year reporting is made in the programme performance section of the institution's annual report.

#### **1.7.4 LEGAL REQUIREMENTS AND GUIDELINES**

Chapters 5 and 30 of the Treasury Regulations set out the legal requirements.

#### **1.7.5 ANNUAL BUDGET AND MTEF**

The annual budget sets out what funds an institution is allocated to deliver services. The Annual Performance Plan shows funded service-delivery targets or projections. The annual budget indicates the resource envelope for the year ahead, and sets indicative future budgets over the MTEF. The budget covers the current financial year and the following two years.

#### **1.7.6 QUARTERLY PERFORMANCE REPORTS**

Quarterly performance reports provide progress updates on the implementation of the municipality's Annual Performance Plan/SDBIPs in the previous quarter, with particular reference to monitoring delivery against quarterly performance targets.

A quarterly performance report provides with information on performance against plans. It also provides the accounting officer with an opportunity to indicate measures that will be taken to ensure that implementation of the Annual Performance Plan remains on track.

#### **1.7.7 TIMEFRAMES**

Quarterly reports were prepared for each quarter. Changes to planned targets are not made in quarterly performance reports. The quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the Annual Performance Plan and annual budget for the following year. Legal requirements and guidelines Chapters 5 and 30 of the Treasury Regulations set out the legal requirements. This Framework provides guidance on the processes relating to the production of such reports.

#### **1.7.8 ANNUAL REPORTS**

The Annual Report provides information on the performance of the institutions in the preceding financial year for the purposes of oversight. It looks at the municipality's performance relative to the targets set in the Annual Performance Plan/SDBIPs and provides the audited annual financial

statements. It reveals how the budget was implemented and the state of the institution's financial management systems, and should include relevant background statistics and administrative data series.

The timeframes are set out in the MFMA and the Treasury Regulations. Linked to The Annual Report should be linked to the implementation of the Annual Performance Plan/SDBIPs and budget. All in-year reports assist in the drawing up of the Annual Report, which should be subjected to an annual review and oversight process. Recommendations emerging from the review would feed into the planning and budgeting process for the following year.

#### **1.7.9 PERFORMANCE AGREEMENTS**

A performance agreement summarises the official duties and responsibilities that are attached to an appointment or position, and include a performance-related incentive and reward system for managing an official's job performance. A performance agreement specifies individual performance targets for the accounting officer and other HODs.

Performance agreements are signed by the end of July. Linked to Performance Agreements should be linked to the achievement of the Strategic Plan, the implementation of the Annual Performance Plan, and the annual budget. At the end of the financial year each official's performance are reviewed in relation to the agreement.

#### **1.7.10 END-TERM REVIEWS**

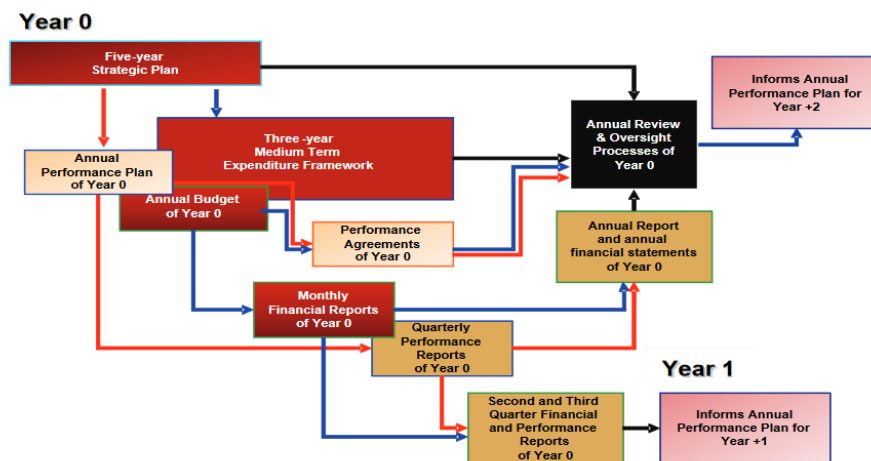
The municipality conducts an end-term review towards the end of the period covered by its Strategic Plan. The review follows the format of the plan. The municipality reports on the extent to which it has succeeded in achieving each of the strategic outcome oriented goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

#### **1.7.11 INFORMATION FLOW AND RELATIONSHIP BETWEEN PLANS AND BUDGETS**

The figure below shows the link between the various accountability documents, performance agreements and oversight processes, as well as the link to future planning.



### 1.7.12 LINK BETWEEN PLANNING, BUDGETING AND REPORTING



At the end of the financial year, the accounting officer compiles annual financial statements reporting on the implementation of the budget, and an annual report on the implementation of the Annual Performance Plan. All information contained in the annual report, and information on the evaluation of managers' individual performances, are incorporated into an annual review and oversight process involving the Public Accounts Committee. Recommendations are made about future performance targets which would feed into the planning and budgeting process for the following year.

# CHAPTER 2: GOVERNANCE

POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTERGOVERNMENTAL RELATIONS

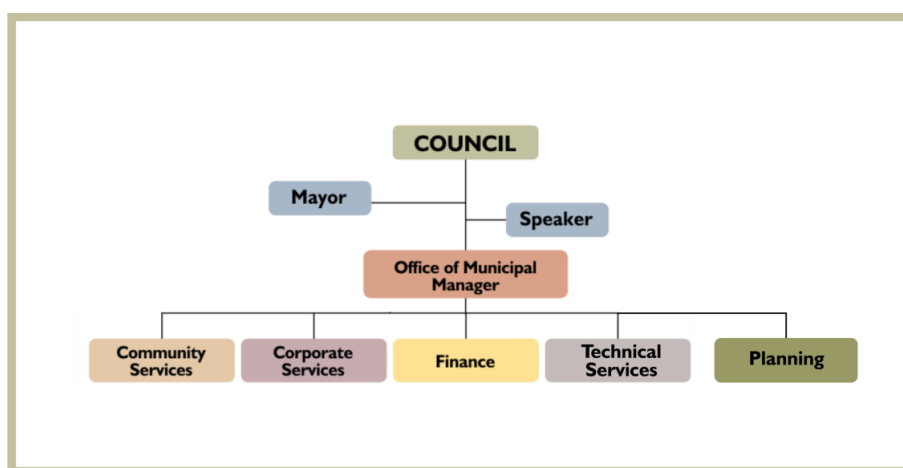
PUBLIC ACCOUNTABILITY AND PARTICIPATION

CORPORATE GOVERNANCE

## CHAPTER 2 – GOVERNANCE

### 2.1 INTRODUCTION TO GOVERNANCE

Umhlabuyalingana Municipality political governance structure consists of Portfolio Committees, EXCO, MPAC and Council.



In addition, the Council is constituted by 5 political parties in a form of public representation, which is as follows:

TABLE 15: REPRESENTATION OF POLITICAL PARTIES

Political Party	Number of Representatives/Councillors
African National Congress	23
AIC	1
Inkatha Freedom Party	9
Democratic Alliance	1
Economic Freedom Fighters	1
<b>TOTAL</b>	<b>35</b>

## EXECUTIVE COMMITTEE



Cllr Ns Mthethwa - Mayor



Cllr Bt Tembe - Speaker



Cllr Fg Mlambo - Deputy Mayor



Cllr Gn Ntsele



Cllr Md Mathenjwa



Cllr Mz Mhlongo



Cllr Zm Mhlongo



Cllr Ns Tembe

## PR COUNCILLORS



Cllr Bg Zikholi



Cllr Bt Tembe



Cllr Bt Tembe



Cllr Fg Mlambo



Cllr Jg Ngubane



Cllr Le Mkhwanazi



Cllr Md Mathenjwa



Cllr Mj Mthembu



Cllr Tl Mlambo



Cllr Ss Gumede



Cllr Sm Ndlovu



Cllr Mz Mhlongo



Cllr Sp Mthethwa



Cllr Ts Khumalo



Cllr Ts Myeni

## WARD COUNCILLORS



WARD 1 - CLLR ND TEMBE



WARD 2 - CLLR BN NTSELE



WARD 3 - CLLR TN MAGAGULA



WARD 4 - CLLR LD TEMBE



WARD 5 - CLLR ML MTHEMBU



WARD 6 - CLLR MD MATHENJWA



WARD 7 - CLLR SG NXUMALO



WARD 8 - CLLR GS MTHEMBU



WARD 9 - CLLR DA TEMBE



WARD 10 - CLLR ML MTHEMBU



WARD 11 - CLLR NS MTHETHWA



WARD 12 - CLLR N VUMASE



WARD 13 - CLLR JB GWALA



WARD 14 - CLLR NJ NDABENI



WARD 15 - CLLR NC MOLETSHE



WARD 16 - CLLR EO MHLONGO



WARD 17 - CLLR NS TEMBE



WARD 18 - CLLR JC SITHOLE



CLLR HK GUMEDE



CLLR ZM MHLONGO

## 2.2 INTER-GOVERNMENTAL RELATIONS

All service delivery matters involving other government departments, private sector, development agencies, etc. are co-ordinated through the District IGR-Forum. Other Forums that are established at District Level are Mayors Forum, Municipal Managers Forum, Planners Forum, CFO's Forum, Technical Services Forum, Corporate Services Forum, etc. A revised Terms of Reference for all these committees is in place and annual calendar for forum meetings is prepared by the District.

The Provincial Department COGTA provided grant funding to support Umkhanyakude family of municipalities in strengthening their IGR functions. Necessary forums required to facilitate IGR have been established and terms of reference to facilitate smooth operations for these forums have been developed. Dates of IGR meetings are incorporated in the District Events Calendar. Protocol Agreements was signed by all the Mayors and Municipal Managers in December 2013. Technical Forum and Sub Committee are meeting frequently. Local municipalities have appointed IGR Champions to strengthen communication.

## 2.3 PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.3.1 THE STATUS OF THE STRUCTURES ESTABLISHED AS PER IDP PROCESS PLAN

The structures listed below participated in the municipal IDP Programmes. The involvement and participation of these role-players is crucial to the accomplishment of a participatory review process:

- All municipal Councillors
- The municipal council
- The Executive Committee
- The IDP Manager
- Municipal Manager
- The IDP/ Budget Steering Committee
- The IDP Representative Forum
- The District IDP Steering Committee
- Organized business structures
- Traditional Councils
- Sector Departments
- Ward Committees
- Municipal Officials
- Neighbouring Provinces
- NGOs and CBOs
- Local Farmers Association
- Organized Farm-workers structures
- Private sector

### **2.3.2 UMHLABUYALINGANA MUNICIPAL COUNCIL**

The Council is responsible for the following:

- Adoption of the IDP Process Plan
- Adoption and approval of the reviewed IDP,
- Amendment of the IDP in accordance with the comments by sector departments and MEC,
- Approval of the various review phases,
- Ensuring that the IDP is linked to the PMS and Municipal Budget

### **2.3.3 THE EXECUTIVE COMMITTEE**

The Executive Committee has the following responsibilities:

- Recommend to Council the adoption of the IDP Process Plan and reviewed IDP.
- Overall management of the IDP Review process,
- Monitoring the IDP review process

### **2.3.4 THE IDP MANAGER**

The IDP Officer is assigned the following responsibilities:

- Management and Co-ordination of the IDP process
- Ensure that there's vertical and horizontal alignment,
- Management of the consultants,
- Ensuring all stakeholders are informed of the process and their involvement,
- Create a conducive environment for public participation

### **2.3.5 IDP/BUDGET STEERING COMMITTEE**

The IDP Steering Committee is assigned the following responsibilities:

- Ensuring the gathering and collating of information while the IDP implementation is proceeding,
- Support the IDP Manager in the management and co-ordination of the IDP,
- Discussion of input and information for the IDP review,
- Ensuring the monitoring and evaluation of the gathered information,
- Attending to MEC's comments

### **2.3.6 IDP REPRESENTATIVE FORUM**

The IDP Representative Forum is assigned the following responsibilities:

- Recommend reports for approval / adoption,
- Representing interests of the constituents,
- Present a forum for communication and participation for all stakeholders,
- Monitoring the IDP review process.

This is the structure that institutionalizes and ensures a participatory IDP review process. It represents the interests of the constituents of the municipality in the review process. It is envisaged that all organizations, stakeholders or interest groups are represented in the forum. The composition of the IDP Representative Forum is as follows:

Chairperson	: The Mayor
Secretariat	: Umhlabuyalingana IDP Steering Committee
Members	: All Municipal Councillors
	: The Executive Committee
	: Councillors and Officials from Umkhanyakude District
	: Municipal Manager and Municipal Officials
	: Traditional Leaders within Umhlabuyalingana Municipality
	: Ward Committees Representatives
	: Community Development Workers (CDWs)
	: Parastatals and Service Providers
	: NGOs and CBOs
	: Sector Departments
	: Neighbouring Municipalities
	: Neighbouring Countries
	: Farmers Associations
	: Traditional Healers
	: Churches
	: Private sector

### 2.3.7 UMKHANYAKUDE DISTRICT MUNICIPALITY PLANNING AND DEVELOPMENT FORUM

The uMkhanyakude District Municipality forms a district-wide Planning and Development Forum for the purpose of alignment with all the local municipalities within the district:

### 2.3.8 MUNICIPAL OFFICIALS

The municipal officials are responsible for the implementation of the IDP and in the process gather information on changes in the circumstances. They have to provide budgetary information and any information on the performance evaluation. They provide technical expertise during the planning process. Municipal Officials also interact with the Ward Councillors and Ward Committees and provide guidance and advice that is crucial during the IDP process.



### 2.3.9 WARD COMMITTEES

The Ward Committees have a crucial role of identifying the needs and service delivery gaps in the community and meet on a monthly basis, submit their sectorial reports and report to the Ward Councillor.

Umhlabuyalingana Local Municipality has embraced and enrolled the government initiative of ward committees to ensure that service delivery is effective in all wards.

The functions and powers of Umhlabuyalingana Local Municipal Ward Committees through the municipal policy in line with the provisions of Section 59 of the Municipal Systems Act. Any Powers delegated in terms of the adopted policy are as follows:

- To serve as an official specialized participatory structure in the municipality;
- To create formal unbiased communication channels as well as cooperative partnerships between the community and the council. This may be achieved as follows:
- Advise and make recommendations to the ward councillor on matters and policy affecting the ward;
- Assist the ward Councillor in identifying challenges and needs of residents;
- Disseminate information in the ward concerning municipal affairs such as the budget, integrated development planning, performance management system (PMS), service delivery options and municipal properties;
- Receive queries and complaints from residents concerning municipal service delivery, communicate it to council and provide feedback to the community on council's response;
- Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums; and Interact with other forums and organizations on matters affecting the ward.

To serve as a mobilizing agent for community action within the ward. This may be achieved as follows:

- Attending to all matters that affect and benefit the community;
- Acting in the best interest of the community;
- Ensure the active participation of the community in:
- Service payment campaigns;
- The integrated development planning process;
- The municipality's budgetary process;
- Decisions about the provision of municipal services; and
- Decisions about by-laws.
- Decisions relating to implementation of Municipal Property Rates Act (MPRA)
- Delimitate and chair zonal meetings.

Composition of Ward Committees:

- A ward committee consists of the Councillor representing that ward in the council who is also the chairperson of the committee, and not more than ten other persons.
- In the process of election of Ward Committee we also take into account the need for women to be equitably represented in a ward committee and for a diversity of interests in the ward to be represented.
- Gender equity was also pursued by ensuring that there is an even spread of men and women on a ward committee.

Table 16: Public Meetings for 2017/2018 Annual Report and 2018/19 IDP

EVENT	DATE	TIME	VENUE
IDP/BUDGET STEERING COMMITTEE MEETNG	22-08-2017	09H00	MUNICIPAL OFFICES
IDP/BUDGET REPRESENTATIVE FORUM	05-09-2017	10H00	MUNICIPAL OFFICES
IDP REVIEW PUBLIC PARTICIPATION	11-10-2017	10H00	CLUSTER 1
IDP REVIEW PUBLIC PARTICIPATION	12-10-2017	10H00	CLUSTER 2
IDP REVIEW PUBLIC PARTICIPATION	13-10-2017	10H00	CLUSTER 3
IDP REVIEW PUBLIC PARTICIPATION	25-10-2017	10H00	CLUSTER 4
IDP STEERING COMMITTEE MEETING	10-11- 2017	10H00	MUNICIPAL OFFICES
IDP/BUDGET REPRESENTATIVE FORUM	28-11-2017	10H00	MUNICIPAL OFFICES
IDP STEERING COMMITTEE MEETING	11-12-2017	10H00	MUNICIPAL OFFICES
STRATEGIC PLANNING	05-12-2017 to -06-12-2017	08H00	Durban
ANNUAL REPORT PUBLIC PARTICIPATION	01-02-2018	10H0	CLUSTER 1
ANNUAL REPORT PUBLIC PARTICIPATION	02-02-2018	10H00	CLUSTER 2
ANNUAL REPORT PUBLIC PARTICIPATION	05-02-2018	10H00	CLUSTER 3
ANNUAL REPORT PUBLIC PARTICIPATION	06-02-2018	10H00	CLUSTER 4
ANNUAL REPORT PUBLIC PARTICIPATION	08-02-2018	10H00	CLUSTER 1
ANNUAL REPORT PUBLIC PARTICIPATION	09-02-2018	10H00	CLUSTER 2
ANNUAL REPORT PUBLIC PARTICIPATION	16-02-2018	10H00	CLUSTER 3
ANNUAL REPORT PUBLIC PARTICIPATION	21-02-2018	10H00	CLUSTER 4
IDP STEERING COMMITTEE MEETING	26-01-2018	10H00	MUNICIPAL OFFICES
IDP REPRESENTATIVE FORUM	20-02-2018	09H00	MUNICIPAL OFFICES
IDP STEERING COMMITTEE MEETING	20-03-2018	09H00	MUNICIPAL OFFICES

IDP/BUDGET CONSULTATIVE MEETING	17-04-2018	10H00	CLUSTER1
IDP/BUDGET CONSULTATIVE MEETING	18-04-2018	10H00	CLUSTER2
IDP/BUDGET CONSULTATIVE MEETING	19-04-2018	10H00	CLUSTER3
IDP/BUDGET CONSULTATIVE MEETING	20-04-2018	10H00	CLUSTER4
IDP STEERING COMMITTEE MEETING	10-05-2018	09H00	MUNICIPAL OFFICES
IDP REPRESENTATIVE FORUM	23-05-2018	09H00	MUNICIPAL OFFICES

### **2.3.10 PARTICIPATION OF AMAKHOSI IN COUNCIL MEETINGS AND TRADITIONAL COUNCILS**

There is still a challenge with regard to participation of Amakhosi in Council Meetings in line with Section 81 of Municipal Structures Act. The Traditional Councils work as a link between the community and Ward Councillors and matters of service delivery and needs of the people. This could assist in providing information with regard to land rights and possible available areas for future development. The issue of travel allowance for Amakhosi was addressed during 2017/2018 financial year.

### **2.3.11 SECTOR DEPARTMENTS**

The Sector Departments have the following responsibilities:

- Assist in the IDP formulation and review process,
- Provide budget information and sector plans,
- Provide data and information,
- Ensure programme and project alignment between the municipality and province,
- Ensure budgetary alignment between provincial programmes and projects and the municipality's IDP.

### **2.3.12 WARD COUNCILLORS**

Ward Councillors are an important link between the municipality and the constituents. They are the first to know of any community needs or service delivery gaps. The Councillors will be responsible for forwarding this information to the municipal officials. They are also responsible for organizing community meetings and ensuring maximum participation of residents in the IDP review process.

## **2.4 COMMUNICATION PLAN/STRATEGY**

- Newsletter - will be used to communicate the projects, programmes and development.
- Suggestion boxes in all the municipal facilities
- Local and National Newspaper - This medium will be used to communicate various messages that concerns the municipality especially service delivery.
- Local and National Radio
- Ward Community Meetings - This institution will be used effectively to promote maximum community participation in municipal affairs.
- Public meetings (Izimbizo) - These meetings will be staged to provide a platform for the municipality to communicate the level of projects and programmes undertaken by council and further solicit input from communities and their (communities) buy-in thereof.

- Annual Report - The annual report will be distributed to the stakeholders and community organizations that we have on our database and will be distributed to the community at large. This will also maximize the culture of community participation and access to information.
- Website - Through this tool various stakeholders such as business community, foreign investors, NGO's and community at large will more access to information regarding the municipality and its area.
- IDP Structures are also used for public participation and implementation of Umhlabuyalingana Communication Strategy

## 2.5 COMMUNICATION PLAN FOR PUBLIC PARTICIPATION

The IDP Structures meet as per the Council Approved IDP Process Plan Schedule.

### 2.5.1 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 54/56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

## **2.6 COMPONENT D: CORPORATE GOVERNANCE**

### **2.6.1 COUNCIL**

During 2018/2019 financial year, Umhlabuyalingana Municipality comprised of 35 Councillors. The Councillors are allocated to different portfolios where they serve in accordance with internal departments and functions. The Council has quarterly meetings as legislated which reflects 100% functionality.

### **2.6.2 EXCO**

Executive Committee meets on monthly basis and consider reports from respective portfolio committees prior to these reports and items being presented to Council.

### **2.6.3 PORTFOLIO COMMITTEES (REPRESENTATIVES AND FUNCTIONALITIES)**

Portfolio Committees exercise political oversight on respective departments within the municipality where departmentally the members have monthly meetings where issues are tabled, discussed and recommendations are made to EXCO and to Council for approval. The portfolio committees have been arranged as follows:

1. Corporate Portfolio
2. Finance Portfolio
3. Planning, LED and Infrastructure Development Portfolio
4. Community Portfolio

### **2.6.4 MPAC**

Municipal Public Accounts Committee (MPAC) established in terms of Section 79 of the Municipal Structures Act, convenes on quarterly basis as prescribed to consider matter related to exercising oversight on financial and governance matters, as promulgated in Council adopted terms of reference.

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This also includes oversight over municipal entity. This committee is functional but still needs to improve on its functionality as its meetings do not sit as per approved municipal calendar

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer of a municipality or municipal entity.

The primary functions of the Municipal Public Accounts Committees are as follows:

- To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report;
- In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and Annual Reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.
- The MPAC reports to Council, at least quarterly, on the activities of the Committee which includes a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report.

MEMBERS OF THE MPAC	GENDER	AFFILIATION
Cllr S.P Mthethwa (Chairperson)	Male	ANC
Cllr B.C Zikhali	Male	AIC
Cllr S.G Nxumalo	Male	IFP
Cllr M.J Mthembu	Male	IFP
Cllr N.C Mdletshe	Male	ANC
Cllr K.O Tembe	Male	ANC

#### 2.6.5 INTERNAL AUDIT

Section 165 of the MFMA No 56 of 2003, states that each municipality must have an internal audit unit .The internal audit unit must:

- Prepare a risk-based audit plan and an internal audit program for each financial year;
- Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:
  - Internal audit
  - Internal controls
  - Accounting procedures and practices
  - Risk and risk management
  - Performance management and
  - Loss control
  - Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and
- (c) Perform such other duties as may be assigned to it by the accounting officer.



The municipality appointed Ntshidi & Associates as Internal Auditors during 2013/2014 financial years and the next three years. Each financial year a risk based internal audit plan is prepared and approved by the Audit Committee. The Internal Audit Activity reports to the Performance and Audit Committee on the implementation of the risk based internal audit plan and matters relating to, internal audit, internal controls, accounting procedures and practises, risk and risk management, performance management, loss control and compliance with the relevant legislations.

#### **2.6.6 AUDIT/PERFORMANCE COMMITTEE**

Section 166 (1) of the MFMA No. 56 of 2003 require each municipality and each entity to have an audit committee.

The Audit and Performance Committee was appointed to assist Council in strengthening its role, the committee meets on quarterly basis and as at and when required to deal with matters at hand. The Committee has Chairperson for Audit Committee and a Chairperson for Performance which covers all regulated matters to be considered by the committee.

The Municipality considered appropriate in terms of economy, efficiency and effectiveness to consolidate the functions of the aforementioned committees and establish a Performance and Audit Committee (PAC). The Umhlabuyalingana Municipality's PAC consists of three independent members with appropriate experience in the field of Auditing, Local Government Finance, and Administration, Legal and Performance Management System. In terms of its approved Terms of Reference, Charter, the Performance and Audit Committee is required to meet at least four times a year.

The PAC is an independent advisory committee appointed by Council in November 2017 to create a channel of communication between Council, management and the auditors both internal and external. It provides a forum for discussing accounting practices, business risk control issues and performance management. This Committee reports directly to Council.

The primary objective of this committee is to advise the municipal Council, the political office – bearers, the accounting officer and the management staff of the municipality on matters relating to:

- Internal financial control
- The Safeguarding of assets
- The maintenance of an adequate control environment and systems of internal control
- The successful implementation of the council's risk management Strategy and effective operation of risk management processes
- The preparation of accurate financial reporting in compliance with all legal requirements and accounting policies and standards
- Effective corporate governance
- The effectiveness of the municipality's performance management system in ensuring the achievements of objectives set as per the Municipality's IDP.
- Any other issues referred to it by the municipality.
- The detailed Internal Audit Chapter which clearly defined the roles and responsibilities, composition of the committee as well as meetings has been adopted.

<b>MEMBERS OF THE PERFORMANCE AUDIT COMMITTEE</b>
Mr Z Zulu
Mr B Mabika
Ms S Sylvia
Mr M Simelane
Mr MM Langa

## **2.7 RISK MANAGEMENT COMMITTEE AND MEMBERS**

The municipality has established a Risk and Compliance Unit and is fully capacitated as Manager Risk and Compliance has been appointed. The risk management activities are currently performed by the Risk and Compliance Manager. The Risk assessment was conducted for 2018/19 financial year by Provincial Treasury and a Risk Register was developed and implemented during 2018/19 financial year. The Municipality reviewed Risk Management Policy and Strategy, Risk Management Implementation Plan and Enterprise Risk Management Framework and was approved by council. The Risk Register is monitored quarterly by Manager Risk and Compliance as well as Internal Auditors. The Risk Management Committee chairperson resigned and management is in the process of appointing new Risk Management Committee chairperson.

2018/2019 TOP TEN (10) RISKS FACING THE MUNICIPALITY ARE AS FOLLOWS;

1. Theft and abuse of municipal assets
2. Lack of water supply and other essentials at dumpsites.
3. Inadequate and unsuitable office space (OHS non-compliance)
4. Inadequate implementation of IWMP
5. Ineffective monitoring of COIDA legislative provisions
6. Inability to manage an effective and efficient co-ordination of data recovery and continuity in the event of a disruption.
7. Inability to spend all MIG funding.
8. Failure to make payments to service providers within 30 days
9. Disregarding of SCM policies
10. Inadequate control and safeguarding of stray animals

<b>MEMBERS OF THE RISK MANAGEMENT COMMITTEE</b>	<b>DESIGNATION</b>
Miss P Mkhwanazi	Chairperson
Mrs N.P Gamede	Municipal Manager
Mr N.P.E Myeni	Chief Financial Officer
Miss N.V.F Msane	Director-Corporate Services
Mr M.S Qwabe	Director-Technical Services
Mr S.T Shange	Acting Director-Community Services

## 2.8 ANTI-CORRUPTION AND FRAUD

The municipality has a council approved Anti-Corruption and Fraud Policy. The policy was workshopped to the Councillors and municipal officials. The policy is also available in the municipal website.

## 2.9 SUPPLY CHAIN MAGAGEMENT

The municipality has established fully functional Bid Committees and are as follows:

- Bid Specification
- Bid Evaluation; and
- Bid Adjudication

The Bid Committee have a standing schedule of meetings and they meet according to their schedule.

Umhlabuyalingana Municipality have a central SCM Unit which is under the management of the CFO. The unit have 4 officials, 3 of these officials have done training on the prescribed level of competency requirements but still waiting for their competency certificates

MEMBERS OF BID SPECIFICATION COMMITTEE	DESIGNATION
Mrs N.P Mkhabela - Chairperson	Finance Manager
Mr S.R Dlamini	Asset Officer
Mr T.S Mkhabela	Deputy Director-Corporate Services
Mrs N.F Mngomezulu	Waste Manager
Miss N.L Myeni	Technical Officer

MEMBERS OF THE BID EVALUATION COMMITTEE	DESIGNATION
Mr N.M Mthembu – Chairperson	SCM Manager
Mrs F.S Msabala	Technical Manager
Mr S Zikhali	Deputy Director-Planning and Development
Mr B. N Ngubane	Payroll Officer
Mr S.S Gina	Budget and Reporting Manager

MEMBERS OF THE BID ADJUDICATION COMMITTEE	DESIGNATION
Mr N.P.E Myeni	Chief Financial Officer
Mr M.S Qwabe	Director-Technical Services
Ms N.V.F Msane	Director-Corporate Services
Mr S.T Shange	Acting Director-Community Services
Mr T.P Masinga	SCM Officer

## **2.10 BY-LAWS**

### **2.10.1 UMHLABUYALINGANA NUISANCE BY-LAW**

To provide for measures for preventing, minimising or managing public nuisance, to prohibit certain activities or conduct in public places; to provide for the savings; and to provide for matters incidental thereto.

### **2.10.2 UMHLABUYALINGANA TRAFFIC AND CRIME PREVENTION BY-LAWS**

To supplement the road traffic act (1996) to regulate vehicle and pedestrian traffic upon the street of the uMhlabuyalingana municipality area of jurisdiction and preserve order therein.

### **2.10.3 CEMENTERY AND CREMATION BY-LAWS**

To provide for the establishment, control and the maintenance of public and private cemeteries and crematorium within the area of jurisdiction of the uMhlabuyalingana municipality; to regulate the use and the management of cemeteries and crematorium within the municipality area of jurisdiction; to provide for matters thereto.

### **2.10.4 ANIMAL POUND BY-LAWS**

To govern the control of animals uniformly throughout the municipality and to supplement KwaZulu-Natal Animal Pound Act (Act no 6 of 2006)

### **2.10.5 FIRE AND RELATED SERVICES BY-LAWS**

To provide access to comprehensive fire and emergency services to all the communities of the uMhlabuyalingana area of jurisdiction, reduce the incident and adverse effect of fire, contribute to preserving life, and maintain healthy natural environment and safeguard economic base of the municipality.

These draft by-laws have been tabled to council and are undergoing public participation process and will be implemented during the 2018/2019 financial.

TABLE 17: BY- LAWS INTRODUCED DURING 2018/19

By-laws introduced during 2018/19					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Waste By-laws	Yes	No	N/A	NO	N/A
*Note: See MSA section 13					

## 2.11 WEBSITE

The municipal website is in place and operational.

TABLE 18: MUNICIPALITY WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's/ Entity's Website	Yes
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year – 1)	Yes
The annual Report (Year 0) published/ to be published	Yes
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes
All service delivery agreements (Year 0)	Yes (Community/Technical Agreements)
All long-term borrowing contracts (Year 0)	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A
Public private partnership agreements referred to in section 120 made in Year 0	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes
<p>*Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above.</p> <p>Municipalities are, of course encouraged to use their websites more extensively than this to keep their Community and stakeholders abreast of service delivery arrangements and municipal developments.</p>	

## 2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

TABLE 19: PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Satisfaction Surveys Undertaken during: Year – 1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:				
(a) Municipality	Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
(b) Municipal Service Delivery	IDP Public Participations and Ward Committee Meetings	2016/17	All municipal wards	Satisfaction
(c) Mayor	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
Satisfaction with:				
(a) Refuse Collection	None	None	None	None
(b) Road Maintenance	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
(c) Electricity Supply	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Better
(d) Water Supply	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Better
(e) Information supplied by municipality to the public	IDP Public Participations/ Complaints/ Compliments Register	2016/17	All municipal wards	Satisfaction
(f) Opportunities for consultation on municipal affairs	IDP Public Participations	2016/17	All municipal wards	Satisfaction
*The percentage indicates the proportion of those surveyed that believed that relevant Performance was at least satisfactory				

**CHAPTER 3**  
SERVICE DELIVERY PERFORMANCE  
(PERFORMANCE REPORT PART 1)



## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

### INTRODUCTION: BASIC SERVICES

In accordance with the Local Government: PMS Regulations 2001 and 2006, the municipality is obliged to perform the organizational and individual (Municipal Manager and the Managers directly reporting to the Municipal Manager) Performance Management System to evaluate the performance of the municipality and its administration for a predetermined period. It is in this context that this report has been prepared to appraise the stakeholders about progress made to date in relation to the set targets as well as challenges experienced and the remedial action that has been put in place as corrective measures in cases where the set targets have not been achieved accordingly. This framework reflects the linkage between the IDP, budget, SDBIPs and service providers' performance.

The National Key Performance Areas are as follows:

- Basic Service and Infrastructure
- Local Economic and Social Development
- Financial Viability and Financial Management
- Municipal Transformation and Institutional Development
- Good Governance and Public Participation
- Cross Cutting Interventions

### COMPONENT A: BASIC SERVICES

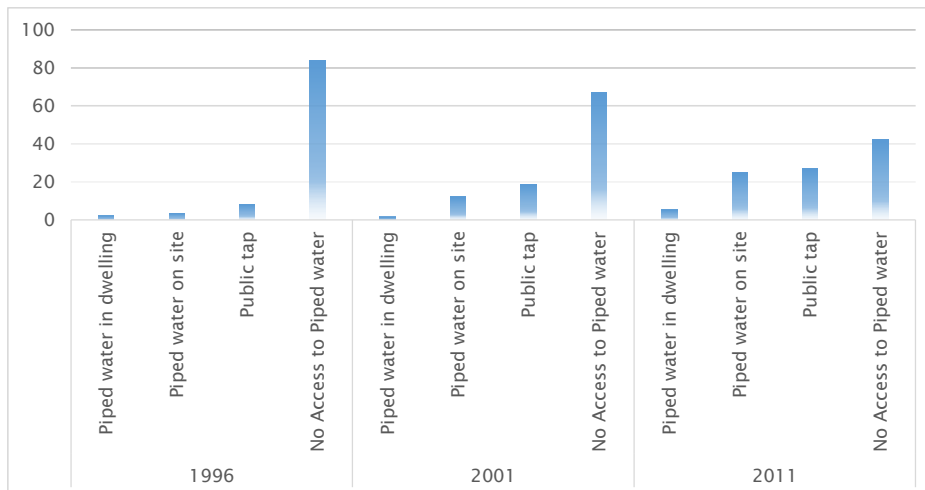
This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

#### 3.1 WATER PROVISION

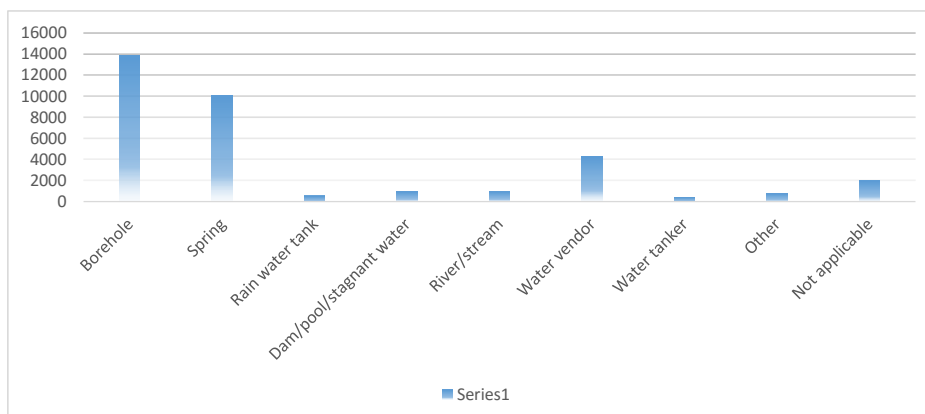
The table below illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water, the majority of households still rely on natural resources for their water supply. Only 10% of households have access to piped water inside their dwellings.

TABLE 20: DISTRIBUTION OF HOUSEHOLDS BY ACCESS TO PIPED (TAP) WATER AND MUNICIPALITY 1996, 2001 AND 2011

Municipality	Piped (tap) water inside dwelling/yard			Piped (tap) water on a communal stand			No access to piped (tap) water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271: Umhlabuyalingana	1 149	3 394	10 107	1 633	4 974	9 278	16 382	17 955	14 472



#### Source of water: 2011 census

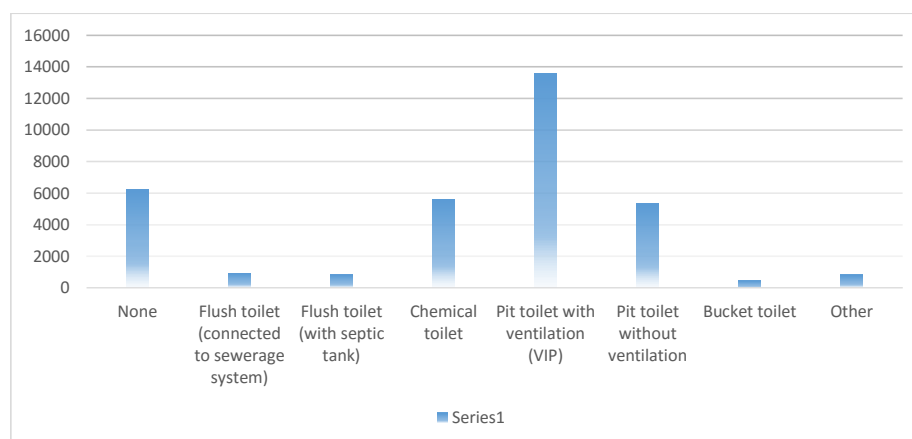


### 3.2 WASTE WATER (SANITATION) PROVISION

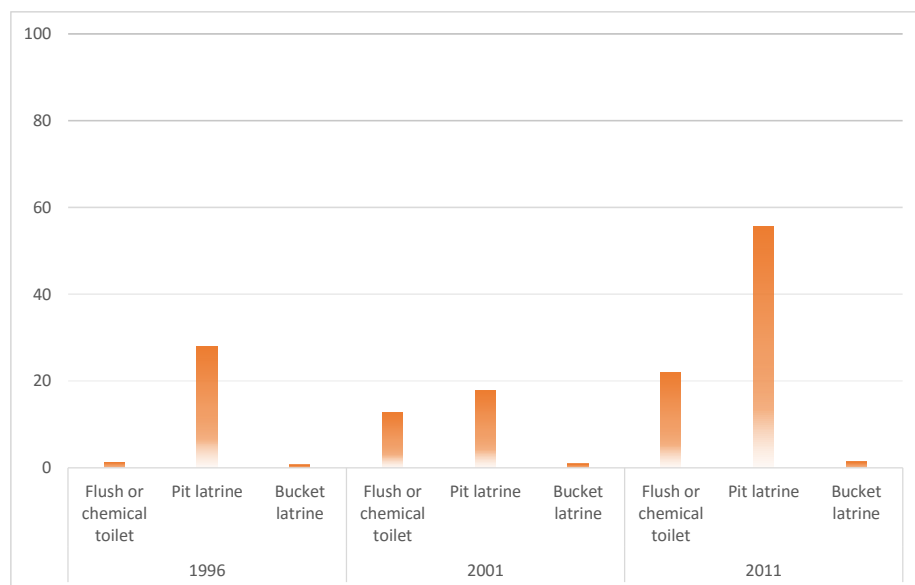
The table below illustrates the type of sanitation facility utilized by households. There are very few households which have access to the flush toilet sewer (including flush septic tank). A positive trend between 2001 and 2007 has been the decrease in the number of individuals who do not have access to any form of sanitation facility.

**TABLE 21: DISTRIBUTION OF HOUSEHOLDS BY TYPE OF TOILET FACILITY AND MUNICIPALITY- 1996, 2001 AND 2011**

Municipality	Flush or chemical toilet			Pit latrine			Bucket latrine			None		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271: Umhlabuyalingana	214	3159	7400	5461	4615	18933	122	218	476	13542	18333	6226



**GRAPH 3: TOILET FACILITIES: SOURCE STATS SOUTH AFRICA: CENSUS 2011**



### 3.3 ELECTRICITY

Electricity is a function of ESKOM and not the Umhlabuyalingana Municipality. There is a lack of capacity of existing infrastructure in terms of bulk and reticulated electricity. However this is a national issue and ESKOM is putting infrastructure in place to boost capacity and there has been progress in extending basic services through the infrastructure programme with approximately 200 000 households being connected to the national electricity grid in 2012. Electrification projects in the Municipality for the 2018/19 financial year are shown in the following table.

Capital Expenditure Year 0: Electricity Services					
Capital Projects	Year 2018/2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
162 households were electrified in this financial year which are from these projects Mahlungulu Electrification project, Mkhindini Electrification Project, Manaba Electrification Project, Jikijela to Mlamula Electrification project and Ward 4 Electrification Project	R18 000 000	R22 000 000	R 21 999 837	-	R163

### 3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

Umhlabuyalingana is a rural local municipality; it is part of the family of five municipalities under uMkhanyakude District Municipality. In terms of the National Environmental Management: Waste Act 59 of 2008, Umhlabuyalingana is doing its best to collect solid waste from businesses

and households on a weekly basis. These businesses and households are situated in and around the three towns of Umhlabuyalingana namely, Manguzi town, Mbazwana town and Skhemelele town.

The area of Umhlabuyalingana is also very sandy, which hampers the will and capacity to collect waste in all areas that the municipality is expected to serve. In all three towns 2,5m2 waste skips and 240 litre waste bins have been placed. In so far as the Waste transport infrastructure, the municipality has two waste trucks and one tractor with a trailer which are used for the collection of refuse in the three towns. The collection of refuse is now carried out daily during working days. The municipality has employed general workers on temporary basis who are doing refuse collection in the three towns.

It also had 208 EPWP workers who are working at the three dump sites. The municipality has 1 fully licenced dump sites /landfill sites. Skhemelele dumpsite was licenced so that it is closed or decommissioned but with an intention to turn it into a Waste Transfer Station. The Municipality, in terms of Waste Act 59 of 2008, has developed the Integrated Waste Management Plan and was adopted and approved by Council. Presently the municipality is in the process of the implementation of the IWMP.

Employees: Solid Waste Management Services								
Job Level	Year 2017/2018				Year 2018/2019			
	Posts No.	Employees No.	Vacancies (fulltime equivalent)s) No.	Vacancies (as a % of total posts) %	Posts No.	Employees No.	Vacancies (fulltime equivalent)s) No.	Vacancies (as a % of total posts) %
<b>Supervisor</b>	3	3	0	0%	3 (permanent)	50	0	n/a
<b>General Workers</b>	93 (on contract 3 (permanent at Skhemelele) 4 (permanent at Mbazwana) 5 (permanent at Manguzi)	110	0	n/a	91 (on contract) 3 at Skhemelele (including supervisor) 7 at Manguzi (including supervisor)	109	0	n/a

	3 permanent at Main Offices)				7 at Mbazwana(including supervisor)  1 at Manguzi Library  4 at main offices			
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### 3.5 HOUSING

Umhlabuyalingana is one of the four local municipalities located in the uMkhanyakude District Municipality (DC27) and is approximately 3 693km<sup>2</sup>. It has Mozambique along its northern boundary, the Indian Ocean to the east and the local municipalities of Jozini to the west and The Big Five Hluhluwe and KZDMA27 to the south. The urban areas include towns such as Mbazwana, Sodwana Bay and KwaNgwanase (Manguzi). Ingonyama Trust land, which includes members of the Tembe, Mashabane, Mabaso and Zikhali traditional councils, dominates the area of jurisdiction of the municipal area.

The municipality has no proclaimed township, with the municipal jurisdiction being made up of 18 wards with little or no economic base. Most members of these communities are dependent on subsistence agriculture or income from migrant workers. The municipality has evenly scattered spatial patterns.

CURRENT HOUSING PROJECTS					
PROJECT NAME	PROJECT NUMBER	UNITS	IMPLEMENTING AGENT	DEVELOPER	STATUS
Mashabane Rural Housing (Phase 2)	K11060005/2	1986	Terraplan Associates KZN	Umhlabuyalingana Municipality	Project completed
Kwa-Mbila Rural Housing (Phase 1)	K12100003	500	Fezeka Business Services	Umhlabuyalingana Municipality	314 units completed as at end of June 2019
Kwangwanase Rural Housing Phase 2	K13080004	500 (approved)	UMpheme Development Agency	Umhlabuyalingana Municipality	198 units completed as at end of June 2019

KwaNgwanase (North)	Not yet applicable	2000	Ezonsundu	Umhlabuyalingana Municipality	Pre-feasibility report has been approved
KwaNgwanase (West)	Not yet applicable	2000	Ubuqotho	Umhlabuyalingana Municipality	Pre-feasibility report has been approved
KwaNgwanase (South)	Not yet applicable	2000	Moteko	Umhlabuyalingana Municipality	Pre-feasibility report has been approved
OSS/Disaster Housing	K16060011/1	57	Legna Creative Enterprises	Umhlabuyalingana Municipality	Pre-feasibility report has been approved

### 3.5.1 POPULATION GROWTH TRENDS AND CHALLENGES

According to the Stats SA, community survey the population is 172 077 people, with an average household size of 5 people per household. As a gateway to Africa and as any border municipality, it has been noticed that there is a growing number of immigrants streaming into the area. The alarming fact is that it is not apparent if all these immigrants have entered the country legally or not and as such the numbers cannot be quantified.

In addition, the area also has a tendency of accommodating the working class from other areas which also adds to the local population. Often these people reside in rented cottages and are always keen for more decent housing options.

The challenges connected to this ranges from facts such as socio-economic status of this area is way below average to the HIV/AIDS epidemic, which also has a huge impact on the growth of the population. New settlements are emerging and seem to be bias as they host certain ethnic groups, which is a huge segregation era threat.

### 3.5.2 INFORMAL SETTLEMENTS

It is more often than not argued that this municipality has a challenge with informal settlements. By natural default, the area of Umhlabuyalingana determines itself to be rural in character and as such 99% of the area is classified as rural. This is evident throughout the municipal area when one looks at the housing typology and the dispersed rural settlements with poor road infrastructure that interlinks them.

Dwelling units made up of traditional material are still prevalent in the area however, the municipality does not consider these to be “informal settlements” and for the simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.



### 3.5.3 IDENTIFICATION OF LAND FOR FUTURE HOUSING DEVELOPMENT

The Local Municipality of Umhlabuyalingana area of jurisdiction spreads for approximately 3 621km<sup>2</sup> in land magnitude. In terms of land tenure, it is estimated that 60% of the municipal area falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40% consisting of commercial farms and conservation areas.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes, i.e. acquiring an approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

Generally speaking and on the basis of the above, in the context of Umhlabuyalingana it will be socially incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

### 3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

With regards to the indigent support, the municipality is updated Indigent Support Policy. The updated Indigent Policy was separated from Burial Assistance Policy, which caters amongst other services, the burial service. Needy families are assisted with coffins, transportation of the deceased and groceries, depending on the need of the respective family. The Councillors would offer tents for the church service during the funeral.

The municipality has developed an indigent policy which seeks to provide financial relief to the citizens of the communities who are unable to afford basic services. An indigent register is updated on an annual basis to re-assess the existing beneficiaries' affordability and extend to those that are needy.

The municipality has also made budget available to assist learners who are needy but are unable to register in tertiary institutions, as a result hundreds of young people from Umhlabuyalingana have had access to tertiary education and many have graduated through this initiative. Ward Councillors have played a big role in the identification of learners in their communities.

## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

### 3.7 ROADS

The Umhlabuyalingana Municipality is situated in the north eastern part of KwaZulu-Natal. The municipality has an area of 3 621km<sup>2</sup> and a population of 172 077 people, with an average household size of 5 people per household, according to the Statistics South Africa 2011 Census.

The municipality is one of five municipalities that constitute the uMkhanyakude District Municipality. The Municipality has a rural character with 99% of the municipality classified as rural, and consists of 18 wards.

Nearly 60% of the municipal area falls under traditional authority ownership, with the remaining 40% consisting of commercial farms and conservation areas.

The Umhlabuyalingana Municipality has a total of 346km of roads, and with exception of the road from Mbazwana to Manguzi (R22), the road network is poor to very poor condition, and is in dire need of upgrade. Most roads are sandy and difficult to drive on with a 4x2 vehicle.

The municipality largely depends on grants for the implementation of Capital projects and due to financial constraints this municipality has a huge backlog demand on its local roads.

TABLE 22: GRAVEL ROAD INFRASTRUCTURE OVER A THREE YEAR PERIOD

Gravel Road Infrastructure Kilometers				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2015/2016	150.6km	18.6km	0km	150.6km
2016/2017	169km	14.5km	0km	169km
2017/2018	183.5km	6.0 km	0km	183.5 km
2018/2019	193.6	10.1 km	0.7 km	

### 3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

#### 3.8.1 EXISTING AND FUTURE TRANSPORT INFRASTRUCTURE

At a regional level, Umhlabuyalingana has a well-established road connectivity comprising national and provincial which link different areas within the municipality. The routes that currently play this role include R22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns which include Mbazwana, Manguzi, Somkhele and Phelandaba. R22 in particular link the area with Hluhluwe town, N2 and a number of towns towards the south of Umhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of R22 and its declaration as an LSDI Route during the early 2000s has drastically improves accessibility and connectivity at a regional scale and serves as an opportunity for corridor based development.

However the same cannot be said about the three other significant connector routes. P522 link the area town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretches for many kilometres. It appears as if the more focus has been placed on temporally patching the potholes without addressing the root cause of the road situation i.e. to re-tar and reseal the entire route since it has exceeded its lifespan. P447 and P444 are the provincial routes that link different settlements (especially in Mashabane) with the town of Mbazwana. These are currently the gravel 'sandy' roads which need serious attention. This also bears in mind the fact that the light vehicles are unable to easily use these routes during the heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment of municipal road network report completed in 2007, the Umhlabuyalingana municipality has a total of 346 km of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8% of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the Umhlabuyalingana municipality has 152 km of paved roads, 169km gravel roads and 26km of tracks. With exception of the road from Mbazwana to Manguzi, the road network is poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads exist as tracks.

### 3.8.2 ROADS

The Umhlabuyalingana Municipality is situated in the north eastern part of KwaZulu-Natal. The municipality has an area of 3 621km<sup>2</sup> and a population of 172 077 people, according to the Community Survey 2016.

The municipality is one of five municipalities that constitute the uMkhanyakude District Municipality. The Municipality has a rural character with 99% of the municipality classified as rural, and consists of 18 wards.

Nearly 60% of the municipal area falls under traditional authority ownership, with the remaining 40% consisting of commercial farms and conservation areas.

The Umhlabuyalingana Municipality has a total of 346km of roads, and with exception of the road from Mbazwana to Manguzi (R22), the road network is poor to very poor condition, and is in dire need of upgrade. Most roads are sandy and difficult to drive on with a 4x2 vehicle.

The municipality largely depends on grants for the implementation of Capital projects and due to financial constraints this municipality has a huge backlog demand on its local roads. But, during the financial year 2016/2017, this municipality was able to address this by constructing a number of gravel roads that are believed to create economic benefit for the people of Umhlabuyalingana. These include, Ekuthukuzeni-Masondo 7.5km road, and Nondwayiza-Phakamani 7km road.

TABLE 23: GRAVEL ROAD INFRASTRUCTURE OVER A THREE YEAR PERIOD

Gravel Road Infrastructure Kilometers				
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2015/2016	150.6km	18.6km	0km	150.6km
2016/2017	169km	14.5km	0km	169km
2017/2018	183.5km	6.0 km	0km	183.5 km
2018/2019	193.6	10.1 km	0.7 km	

### 3.8.3 TRANSPORTATION ANALYSIS

According to UMkhanyakude District IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes Umhlabuyalingana. The “bakkies” which are considered to be illegal passenger transport vehicles still they provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to move onto due to the weak quality of the roads. There are no bus termini facilities that are provided within the area. The table below gives an indication of accessibility of public transport within the municipality.

Main Route	Main Description	to	No. of passengers per peak	No. of active seats used	No. of trips	Average occupancy per vehicle
KZN-R0032F-U	Jozini Sikhemelele	to	224	100.00	15	14.9
KZN-R0036F-U	Manguzi Ezangomeni	to	570	95.96	38	15.0
KZN-R0061F-U	Mbazwane Mseleni	to	285	100.00	19	15.0
KZN-R0066F-U	Mbazwane Sodwana Bay	to	267	100.75	20	13.4
KZN-R0056F-U	Mbazwane Manzibomvu	to	170	116.47	17	11.6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. Transport whether motorized or non-motorized faces many challenges within the Municipal area. These can be summarized as follows:

#### 3.8.4 POOR CONDITIONS OF ROADS

- Inadequate pedestrian signs and markings and off-loading areas especially within the few urban areas;
- An absence of traffic lights, especially at major intersections;
- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.
- 

The areas that should be considered for intervention should include improving pedestrian signs, markings and off-loading areas especially in the urban areas. The traffic calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights especially at major intersections should be provided.

### 3.8.5 POOR ROAD LINKAGES

An efficient and effective road network enables people and goods to traverse to and from all areas within the Municipal area. It opens up development opportunities which could lead to economic growth and associated job creation.

Poor critical road linkages, which includes the non-existence of critical linkages and existing roads that are in poor to inaccessible condition, have been identified within the Umhlabuyalingana LM: Poorly maintained existing gravel road between Madonela and Sikhemelele. Significant denser settlement occurs all along this road, which runs in close proximity and parallel to the Pongola River and its rich flood plains. Intensive agriculture, mainly subsistence, occurs along the river and the road. In heavy rains, this road is nearly impassable. What is also important to note is that this settlement corridor joins up with the P522 provincial main road between Ingwavuma and Manguzi. At this juncture, the urban characterized settlement of Sikhemelele has developed over time. Sikhemelele settlement, as well as the Mboza to Sikhemelele Corridor, is the most densely settled area within the Umhlabuyalingana LM.

The existing road linkages between Madonela and Tshongwe are poor and do not support a direct primary route from Tshongwe through the agricultural development corridor leading to Sikhemelele. This is considered very important link, since it will provide an alternative south-north route, from Hluhluwe, within the Umhlabuyalingana Municipality. This route is deemed more economical for the conveyance of fresh goods and value-added products from the identified agricultural corridor to the major markets of Richards Bay and Durban

The east-west road linkages are primarily located in the north (P522 Main Road linking Ingwavuma with Manguzi) and in the south (P444 and P447 linking Mbazwana with Mkhuze) of the Umhlabuyalingana Municipal Area. The east-west road linkages in the central western part of the Municipal area exist only as a local road (essentially a track). In order to contribute towards a road network that is both effective and efficient – particularly in light of the recommended upgrade of the Madonela – Sikhemelele road – it is recommended that the road between Hlazane to Manaba to Mseleni be upgraded, functioning as an additional east-west centrally located link;

In order to expose the unique environment along the Municipality's east coast, which is administered by Isimangaliso Trust, to a broader audience which will result in further tourism – related development, the road from Mbazwana, pass Lake Sibhayi on its eastern shore, through Manzengwenya, to Manguzi need be upgraded and made freely accessible to the public.

Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya. This will provide an improved west-east link to the coastal areas.

### 3.8.6 A WELL-DEVELOPED ROAD NETWORK, IMPROVING ACCESSIBILITY:

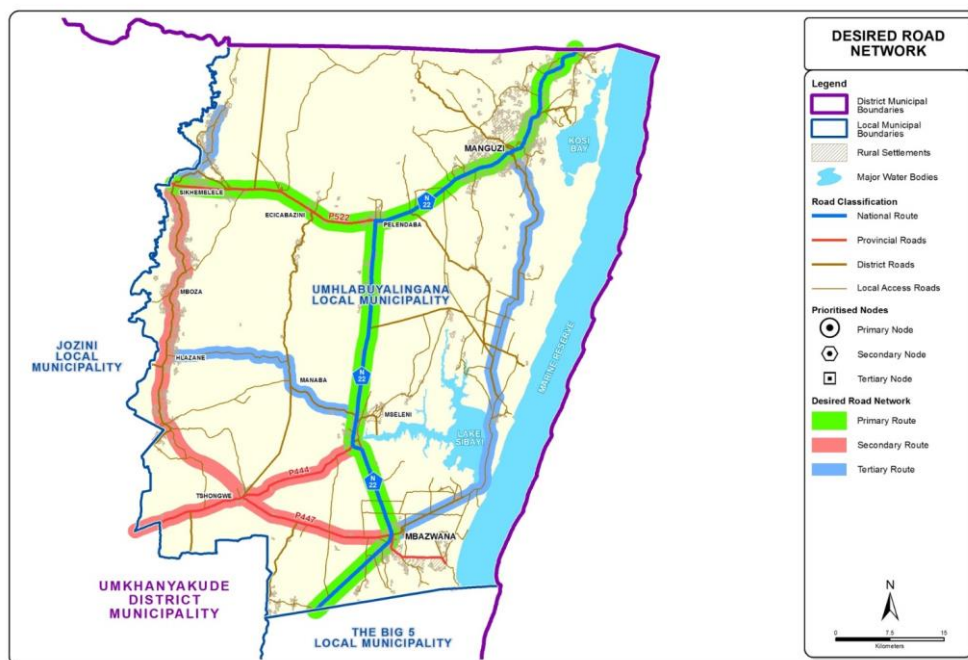
- Upgrade the existing gravel road between Madonela and Sikhemelele to a blacktop road
- Develop a blacktop road between Tshongwe and Madonela
- Upgrade the road between Hlazane and Manaba
- Upgrade the road between Manaba and Mseleni
- Upgrade of the road from Mbazwana , pass Lake Sibhayi on its eastern shore, through Manzengwenya, to Manguzi
- Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya





MAP 11: PROPOSED NEW ROADS AND ROAD UPGRADES (UMHLABUYALINGANA SDF)

**Map 12: Desired Road Network (Umhlabuyalingana SDF)**



### 3.8.7 RAIL

Umhlabuyalingana does not have an established public and goods rail transport system. The railway line runs parallel N2 within Umkhanyakude District. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but is passes outside of Umhlabuyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

### 3.8.8 AIR TRANSPORT

Umhlabuyalingana does not have an established and operational air transport system. The small landing strip (airstrip) exists within both Mbazwana and Sodwana Bay. However the condition of these facilities is currently unknown.

### 3.8.9 INSTITUTIONAL RESPONSIBILITY FOR TRANSPORT INFRASTRUCTURE

The institutional responsibility for transport infrastructure is categorized as national, provincial and local on maps



### 3.8.10 OPERATIONS AND MAINTANANCE

The municipality will participate in the Review of the Road Maintenance Plans of Sanral, DoT and DM in order to ensure a well maintained road network, improved accessibility and full alignment with the SDF.

The municipality has a Council approved Operations and Maintenance Plan as most of the gravel roads within Umhlabuyalingana Municipal Area are in poor condition and in-accessible on occasions, especially after heavy rains. This impacts on the free movements of goods and people on the one hand and results in increased operating costs to the road users. Further, road safety conditions are adversely affected.

## 3.9 WASTE WATER (STORMWATER DRAINAGE)

The lack of waste management is clearly evident in the extensive visible litter along the majority of all roads and denser settlements.

There are no registered landfill sites or transfer stations towards which waste can be disposed of. Waste collection is only in place in isolated areas and such waste is then disposed of at illegal locations. This could lead increased health and environmental risks. Further, visible waste in towns and nodes could lead to investment opportunities being lost. It also affects the tourism market adversely.

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### 3.10 PLANNING

#### *INTRODUCTION TO PLANNING*

Municipal wide Spatial Development Framework (SDF) and Single Land Use Management Scheme have been adopted by Council. Enforcement of both these land use management tools is to be enforced and a municipal wide scheme to be planned for in order to meet the prerequisites of the SPLUMA . The municipality is to provide the framework to guide the overall spatial distribution of current and desirable (future) land uses within the municipality.

TABLE 24: APPLICATIONS FOR LAND USE MANAGEMENT

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	Year 2016	Year 2017	Year - 2017	Year 2018	Year 2018	Year 2019
Planning application received	0	0	2	2		
Determination made in year of receipt	0	0	0	0	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year	0	0	0	0	0	0

Capital Expenditure Year 2018/2019: Planning Services					
Capital Projects	Year 2018/2019				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
Spatial Development Framework	R 0	R200 000	R200 000	-	-
Housing Sector Plan	R0	-	-	-	-
Capital Investment Framework	R0	-	-	-	-
Strategic Environment Assessment	R0	-	-	-	-
Wall to Wall Scheme	R0	-	R0	-	-

### 3.10.1 INTEGRATED DEVELOPMENT PLANNING IN UMHLABAYALINGANA

Chapter 5 and Section 25 of Local Government Municipal Systems Act (32 of 2000), requires that the municipal council must, within a prescribed period after the start of its elected term, adopt a single, all inclusive and strategic plan for the development of the municipality, and that the plan be reviewed annually. Accordingly, Umhlabayalingana Municipality has initiated a process towards the preparation of a credible Integrated and Development Plan (IDP) as a five year strategic plan to guide service delivery and investment (both private and public sector) within the area.

Umhlabuyalingana Municipality IDP will serve as a strategic guide during the term of office of the current councilors to the end of its term. It is based on the issues articulated by the stakeholders and is aligned with the national and provincial development imperatives such as the National Development Plan and the Provincial Growth the Development Strategy (PGDS). Its objectives are as follows:

- To guide decision making in respect of service delivery and public sector investment.
- To inform budgets and service delivery programs of various government departments and service agencies.
- To coordinate the activities of various service delivery agencies within Umhlabuyalingana Municipality area of jurisdiction.
- To engage communities and other key interested and affected parties in municipal affairs, particularly continuous integrated development process.
- To position the municipality to make a meaningful contribution towards meeting the district and provincial development targets and priorities.

### **3.10.2 PROVINCIAL SPATIAL ECONOMIC DEVELOPMENT STRATEGY**

The Provincial Spatial Economic Development Strategy (PSEDS) recognises that social and economic development is never evenly distributed and spatial disparities will always exist due to the spatial distribution of natural resources, historical imperatives and cultural factors. These spatial disparities have been aggravated by apartheid spatial planning. This has resulted in a disjuncture between where people live and where social and economic opportunities are concentrated. This spatial marginalization from economic opportunities of the majority of the population needs to be addressed in order to reduce poverty and inequality and ensure shared growth. The sectors of the provincial economy identified as the drivers of growth of the province to address unemployment and poverty are the following sectors:

- Agriculture – including agri-industry
- Industry including heavy and light industry and manufacturing
- Tourism including domestic and foreign tourism
- Service sector including financial, social, transport, retail and government

The PSEDS builds on the concept of developing a comprehensive network of centres throughout the province which would support the delivery of services. In identifying the hierarchy of places existing service centres are strengthened and new or emerging service centres are developed.

### **3.10.3 STRATEGIC ALIGNMENT WITH GOVERNMENT PRIORITIES**

Umhlabuyalingana Municipality strategic focus is influenced by the Millennium Development Goals, National Development Plan, PGDS, DGDP, Umhlabuyalingana Municipal Development Goals and municipal vision.



### 3.10.11 SPATIAL PLANNING AND LAND USE MANAGEMENT ACT (SPLUMA), 2013

The purpose of the Act is to provide for a framework for spatial planning and land use management in the republic; to specify the relationship between the spatial planning and the land use management system and other kinds of planning; to provide for inclusive developmental, equitable and efficient spatial planning at the different spheres of government; to provide a framework of monitoring, co-ordination and review of spatial planning and land use management system.

To provide a framework for policies, principles, norms and standards for spatial planning and land use management; To address past spatial and regulatory imbalances; To promote greater consistencies and imbalances in the uniformity application procedures and decision making by authorities responsible for land use decisions and development applications. To provide for the establishment, functions and operations of municipal planning tribunals, to provide for the facilitation and enforcement of land use and development measures and to provide for matters connected therewith the area.

### 3.10.12 SPLUMA PRINCIPLES

The following principles are relevant to Umhlabyalingana Municipality as contained in the SPLUMA (Spatial Planning and Land Use Management Act):

(a) The principle of **spatial justice**, whereby –

- past spatial and other development imbalances must be redressed through improved access to and use of land;
- spatial development frameworks and policies at all spheres of government must address the inclusion of persons and areas that were previously excluded, with an emphasis on informal settlements, former homeland areas and areas characterized by widespread poverty and deprivation;
- spatial planning mechanisms, including land use schemes, must incorporate provisions that enable redress in access to land by disadvantaged communities and persons;
- land use management systems must include all areas of a municipality and specifically include provisions that are flexible and appropriate for the management of disadvantaged areas, informal settlements and former homeland areas;
- land development procedures must include provisions that accommodate access to secure tenure and the incremental upgrading of informal areas; and
- a Municipal Planning Tribunal considering an application before it, may not be impeded or restricted in the exercise of its discretion solely on the ground that the value of land or property is affected by the outcome of the application.

(b) The principle of **spatial sustainability** whereby spatial planning and land use management systems must –

- Promote land development that is within the fiscal, institutional and administrative means of the Republic;
- Ensure that special consideration is given to the protection of prime and unique agricultural land;
- Uphold consistency of land use measures in accordance with environmental management instruments;
- Promote and stimulate the effective and equitable functioning of land markets;
- Consider all current and future costs to all parties for the provision of infrastructure and social services in land developments;
- Promote land development in locations that are sustainable and limit urban sprawl; and
- Result in communities that are viable.

(c) The principle of **efficiency**, whereby –

- Land development optimises the use of existing resources and infrastructure;
- Decision-making procedures are designed to minimise negative financial, social, economic or environmental impacts; and
- Development application procedures are efficient and streamlined and timeframes are adhered to by all parties.

(d) The principle of spatial resilience, whereby flexibility in spatial plans, policies and land use management systems are accommodated to ensure sustainable livelihoods in communities most likely to suffer the impacts of economic and environmental shocks.

(e) The principle of **good administration**, whereby –

- All spheres of government ensure an integrated approach to land use and land development that is guided by the spatial planning and land use management systems as embodied in this Act;
- All government departments must provide their sector inputs and comply with any other prescribed requirements during the preparation or amendment of spatial development frameworks;
- The requirements of any law relating to land development and land use are met timeously;
- The preparation and amendment of spatial plans, policies, land use schemes as well as procedures for development applications, include transparent processes of public participation that afford all parties the opportunity to provide inputs on matters affecting them; and
- Policies, legislation, and procedures must be clearly set in order to inform and empower members of the public.

### **3.10.13 IMPLEMENTATION OF SPLUMA IN UMHLABUYALINGANA MUNICIPALITY**

The municipality has not established a Municipal Planning Tribunal (MPT/JMPT). A Joint MPT has been adopted by Umhlabuyalingana Council. However it has not yet been established at District Level. The MPT/JMPT is not functional. Umhlabuyalingana Municipality has complied with SPLUMA Regulation 14 and a Municipal Planning Authorised Officer has not yet been appointed and this will be done in 2019/2020 financial year.

Umhlabuyalingana Municipality has not yet resolved on the Appeal Authority and this will be done during the review of delegations process. The municipality has amended the delegations for KZNPD to SPLUMA Bylaws and the applications been categorized. The SPLUMA Bylaws have been adopted and the SPLUMA Bylaws have been gazetted.

### **3.10.14 INTER-GOVERNMENTAL RELATIONS**

Umhlabuyalingana Local Municipality is responsible for facilitating inter-governmental relations within its area of jurisdiction. In line with the Intergovernmental Relations Framework Act, the municipality has taken upon itself to improve intergovernmental engagements to ensure that proper intergovernmental planning guides public, private and donor investment in the district.

The municipality is part of the District Manager's Forum "a key forum for strategic alignment, coordination and integration" that serves as an inter-governmental structure where the Sector Departmental Managers in the district meet with their municipal counterparts. The relationship between the municipality and sector departments is improving. There are also inter-municipal structures (i.e. District Planning Forum; Municipal Managers' Forum) that discuss and resolve issues on cutting across all municipalities.

There are, however, grey areas on how the hierarchical inter-municipal and inter-governmental structures should cross feed into each other's programmes and be measured in terms of performance. For example, the municipality cannot hold any sector department accountable for the non-implementation of projects which are submitted for inclusion in the IDP document.

### 3.10.15 TOWN PLANNING SERVICES

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	Year-1	Year 0	Year-1	Year 0	Year-1	Year 0
Planning application received	0	0	0	0	4	3
Determination made in year of receipt	N/A	N/A	N/A	N/A	N/A	N/A
Determination made in following year	N/A	N/A	N/A	N/A	N/A	N/A
Application withdrawn	N/A	N/A	N/A	N/A	N/A	N/A
Applications outstanding at year end	N/A	N/A	N/A	N/A	2	4

### 3.10.16 BUILDING REGULATIONS AND ENFORCEMENT

Building Regulation and Enforcement						
Detail	2016/2017		2017/2018		2018/2019	
	2016	2017	2017	2018	2018	2019
Building Plans Received	19	17	17	20	-	-
Building Plans Approved	09	08	08	12	-	-
Building Plans Not Approved	10	09	09	08	-	-
Notices/Enforcement	09	18	18	06	-	-
Applications outstanding at year end	10	09	09	08	-	-

### 3.10.17 TOP 3 SERVICE DELIVERY PRIORITIES AND IMPACT

Three Priorities						
Service	2016/2017		2017/2018		2018/2019	
	2016	2017	2017	2018	2018	2019
SDF	Yes	Yes	Yes	Yes	Yes	Yes
Land use Scheme	Yes	Yes	Yes	Yes	Yes	Yes
Implementation of SPLUMA	Yes	Yes	Yes	Yes	Yes	Yes
Planning Bylaws	Yes	Yes	Yes	Yes	Yes	Yes
Impact thereof:						

### **3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**

#### **3.11.1 LOCAL ECONOMIC AND SOCIAL DEVELOPMENT ANALYSIS**

Local Economic Development (LED) is one of the key tasks that Umhlabuyalingana Municipality engages on through a variety of packages. It remains factual that success of this initiative is mostly contingent to alliance level obtained from different stakeholders.

The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.



### 3.11.2 OBJECTIVES OF LED

The short term goal of the municipality is to provide financial, skills and capacity to local businesses to help them create stability for their own businesses, and a long term objective is to provide sustainability for all small economic drivers in order to expand and create more job opportunities.

Economic Activity by Sector				
Sector	Year 2015/2016	Year 2016/2017	Year 2017/2018	Year 2018/2019
Agriculture	<ul style="list-style-type: none"> <li>Vimbukhalo commercial garden</li> <li>Mvelabusha commercial garden project</li> <li>Hlokohloko commercial garden project</li> <li>Lulwane commercial garden project</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>One youth poultry farming cooperative supported with fencing material</li> </ul>
Tourism	<ul style="list-style-type: none"> <li>Manzamnyama community tourism campsite</li> <li>Dapha community tourism campsite</li> </ul>	<ul style="list-style-type: none"> <li>Hosting of the Tourism Shot' Left Campaign</li> <li>Manzamnyama Community Tourism Camp site</li> </ul>	<ul style="list-style-type: none"> <li>Hosted Shot' left campaign</li> <li>Conducted Tourism marketing</li> <li>Hosted tourism forum meetings</li> </ul>	<ul style="list-style-type: none"> <li>Hosted a tourism marketing and awareness campaign</li> <li>Tourism brochure</li> <li>Hosted tourism forum meetings</li> <li>Banganek community campsites received funding from NDT for feasibility, planning and designs of campsite rehabilitation</li> </ul>
SMME Support	<ul style="list-style-type: none"> <li>UMhlabuyalingana Business Chamber</li> </ul>	<ul style="list-style-type: none"> <li>Incubation Programme Implementation</li> </ul>	<ul style="list-style-type: none"> <li>Incubation Programme Implementation</li> <li>Procured material for incubation</li> </ul>	<ul style="list-style-type: none"> <li>40 youth attended a three months training and mentorship in business and finance management</li> <li>08 SMMEs trained in Sewing</li> </ul>

			beneficiaries	
			<ul style="list-style-type: none"> <li>Conducted SMME trainings</li> </ul>	
Informal Trading	<ul style="list-style-type: none"> <li>Informal traders bylaws public participation</li> </ul>	<ul style="list-style-type: none"> <li>Gazetting of the Informal Traders by-laws and Business Licensing by-laws</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement of Informal Traders-By-laws</li> </ul>	<ul style="list-style-type: none"> <li>40 indigenous economy (Ilala) informal traders received shelters</li> </ul>

### 3.11.3 Job creation through Extended Public Works Programme (EPWP) projects, including CWP, over a three year period

**TABLE 25: JOB CREATION THROUGH EXTENDED PUBLIC WORKS PROGRAMME (EPWP) PROJECTS, INCLUDING CWP, OVER A THREE YEAR PERIOD**

Job creation through EPWP and CWP projects		
Year	EPWP Project Details	Total Number of Job opportunities created
Year 2015/2016	<ul style="list-style-type: none"> <li>Waste Management (landfill sites workers)</li> <li>Town beautification (general works)</li> <li>Beach monitoring</li> <li>CWP</li> </ul>	2229
Year 2016/2017	Waste Management (landfill sites workers)	108
	Town beautification (general works)	95
	Beach monitoring	200
	CWP	1670
	Security Services	35
	Ward Committees	110
	Infrastructure	100

Year 2017/2018	Town beatification (Parks)	<b>64</b>
	Waste Management (landfill sites workers)	<b>144</b>
	Beach monitoring	<b>94</b>
	Security Services	<b>43</b>
	CWP	<b>1701</b>
	Infrastructure	
Year 2018/2019	Town beatification (Parks)	<b>64</b>
	Waste Management (landfill sites workers)	<b>144</b>
	Beach monitoring	<b>20</b>
	Traffic controllers	<b>41</b>
	CWP	<b>1740</b>
	Infrastructure	

The overall performance of the municipal Local Economic Development unit has reflected an acceptable level of the municipal competency. This is informed by the growth in number of job opportunities created each year and implementation of responsive programmes towards economic development. Progressively, the municipality is working on a sustainable monitoring plan for each implemented programme or project that is within its powers. Furthermore, the council is establishing other new economically responsive platforms to engage on in order to advance its competency level.

### 3.12 COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

#### 3.12.1 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Umhlabuyalingana Municipality has 1 main library, a satellite library and a modular library. The following services are provided at these libraries. (Manguzi, Mseleni library and Skhemelele modular library)

*The following services are provided at these libraries.*

TABLE 26: SERVICES PROVIDED AT LIBRARIES

Libraries, Other Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	Year 2017/2018		Year 2018 /2019	
		Target	Actual	Target	Actual
Service Objective					
Internet access for the community	This is the one of the top services due to the rural nature of the area. The community needs access to the internet for a number of reasons	720	3 582	720	3285
Promotions	Outreach programmes that travel out to schools because some schools are situated very far from the library.	8	8	8	12
Computer classes	Free services to the community to receive basic background in computer skills and it also makes a good impact on the community.	360	503	360	459

Circulation of books	This is one of the services whereby the community or library users loan books especially learners for their assignments, projects and distance learners (tertiary students via post) to loan their tertiary books and for leisure reading	N/A	N/A	12 950	17 533
Circulation of Audio-visual	This service is for the community and library users to loan audio visuals for entertainment and learning audio for students	N/A	N/A	120	762
Book exchange	This services we have in all libraries to exchange the books with our Depot to have updated books and the books that are in a high demand by our community	N/A	N/A	8	8

### **Library Employees**

**TABLE 27: LIBRARY EMPLOYEES**

<b>Employees: Libraries</b>					
<b>Job Title</b>	<b>Number of Employees</b>	<b>Number of Posts</b>	<b>Number of Employees</b>	<b>Vacancies (fulltime equivalents) No.</b>	<b>Vacancies (as a % of total posts) %</b>
Library Manager	1	1	1	0	100%
Librarian	0	1	0	1	0%
Library Assistant (Manguzi = 2, Mseleni = 1)	3	0	3	1	0%
Cyber Cadet	2	2	2	0	0%
Assistant librarian	2	2	2	0	0%

### 3.12.2 CEMETERIES AND CREMATORIUMS

There are no formal registered cemeteries within the Municipal area. Currently there is significant densification of settlements occurring in a number of places with the Municipal area. This is particularly evident at Manguzi, Mbazwana, and between Mboza and Sikhemelele. The traditional manner of burial of deceased loved ones at the homesteads is becoming increasingly problematic due to limited space. This practice increases the health risks, as this may result in contamination of the groundwater.

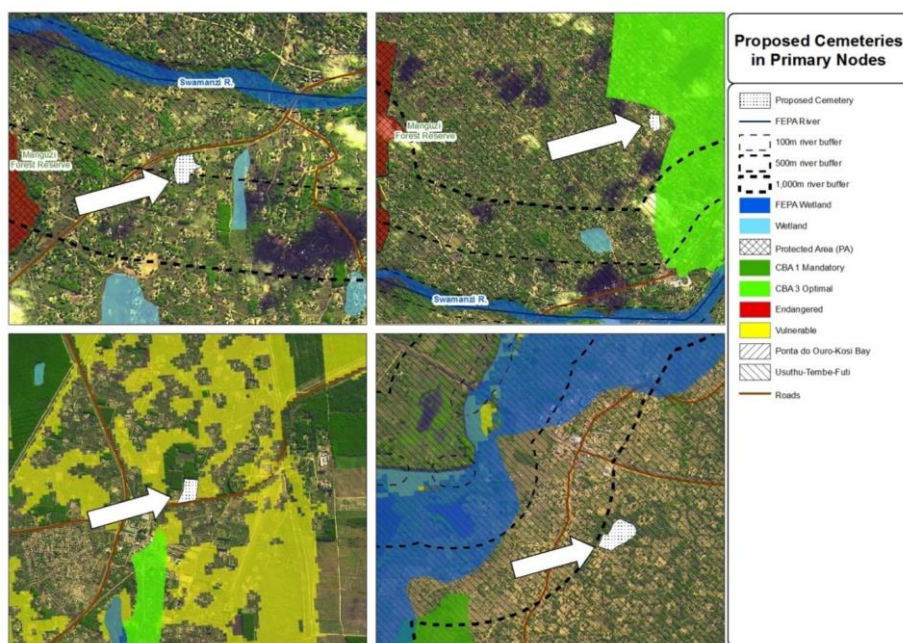


TABLE 28: PROPOSED CEMETERIES IN PRIMARY NODES

### 3.12.3 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

- Formation of **Local Aids Council** to deal with issues such as HIV/AIDS, Teenage pregnant, and TB.
- Establishment of **Women's Forum** to deal with all women related issues under Umhlabuyalingana Municipality
- Establishment of **Youth Council and appointment of Youth Manager** to deal with all youth related issues under Umhlabuyalingana Municipality, e.g. career guidance exhibition.
- Establishment of **Disability Forum** to look into all issues pertaining to people living with disabilities.
- Establishment of a **Sports Committee**, participate in Mayoral cup, SALGA Games, to encourage youth to stay away from drugs.

- **Sports Programs** in wards 2 and 3 where the leagues are being funded through the poverty alleviation fund by the respective Councillors.

### 3.13 COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and coastal protection.

#### 3.13.1 POLLUTION CONTROL

Pollution control is a function of the Department of Agriculture and Environmental Services.

#### 3.13.2 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

A significant proportion of the Umhlabuyalingana Municipal Area falls within formerly protected areas (approximately 28%). This includes Tembe National Elephant Park, Manguzi Forest Reserve, and Sileza Nature Reserve, as well as, portions of the Ndumo Game Reserve and Isimangaliso Wetland Park. These are under threat from land invasions, poaching, and illegal harvesting of natural products (e.g. medicinal plants). These activities threaten the biodiversity.

A number of areas are in the process of being declared protected areas in terms of the National Environmental Management: Protected Areas Act (2003) as this affords them a greater level of protection against development, land invasions, poaching, and illegal harvesting of natural products. The declaration of protected areas is however not a simple process as there are a number of conditions which need to be met.

The exploitation of these areas results in the degradation, which reduces the ability of these natural areas to provide ecosystem services. There are a number of factors which contribute to the degradation of the natural environment, such as overgrazing, overharvesting, inappropriate burning, inappropriate development, and pollution. In general, the underlying driver of these factors is the exploitation of the natural environment in the short-term without considering the long-term implications.

The objective is for the Municipality to partner with the Department of Agriculture and Environmental Affairs in the following;

1. Implement environmental education programme in schools.
2. Identify and educate communities that are over-exploiting local natural resources.
3. Identify and take appropriate action against individuals / companies that maliciously pollute or degrade the natural environment.

### 3.14 COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

#### 3.14.1 CLINICS

Clinics are well distributed throughout the Municipality, located mainly along national, provincial and district roads. 36 clinics (including mobile-clinics) were identified, servicing approximately 4,547 people per clinic (this ratio excludes mobile-clinics). Predominant illnesses treated by the clinics in the Umhlabuyalingana Municipality are abdominal pain, TB, HIV/AIDS, general injuries, sicknesses and infections.

#### 3.14.2 AMBULANCE SERVICES

The Municipality needs to provide more information on this component however there are two hospitals located in the eastern half of the municipal area with moderate accessibility.

#### 3.14.3 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Licensing and control of the above undertakings is a function area of exclusive Provincial competence.

### 3.15 COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

#### 3.15.1 POLICE

The mission of the Traffic Services is to render an effective and high-quality service through a process of consultation and transparency in all facets of the traffic servicing and in rendering a service to the community of Umhlabuyalingana and its visitors by ensuring a free flow of traffic and creating a safe environment.

#### 3.15.2 TRAFFIC LICENCING AND LAW- ENFORCEMENT

During the year 2018/2019 a large number of offences were dealt with. The main purpose of this section is not only to prosecute but also to educate offenders and community.

The activities under traffic licencing and law enforcement were as follows:

1. Apprehending offenders talking to cell phones while driving,



2. Stop Street violations,
3. Failure to wear seat belts,
4. Excessive speeding taxis,
5. Red light and yellow lines offenders,
6. All the aforementioned contributing to a high accident rate,
7. Illegal number plates,
8. And driving under the influence of alcohol.

Corrective measures were taken inter-alia include the commissioning speed violation cameras, selective law enforcement on safety belt, cell phones, number plates and the public transport. This included regular road blocks in conjunction with the South African Police Services (SAPS).

The introduction of roving law enforcement to attend to moving violations and to have desired effect. Traffic Safety Awareness with the Disaster Management unit and various institutions to address irresponsible driver behaviour and pedestrian safety.

This municipality has also established a Traffic Control Unit within the Community Service Department with well-trained experienced personnel. This unit has plans in place for a day to day traffic management operation programme to ensure safety and security and to minimise road accidents within the Umhlabuyalingana municipal community area.

Municipal Police Service Data	
Details	Year 2018/2019
Number of road traffic accidents during the year	81
Number of by-law infringements attended	Nil
Number of police officers in the field on an average day	4
Number of police officers on duty on an average day	4

Employees: Police Officers 2018/2019					
Police	Number of Employees No.	Number of Posts	Number of Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Public Safety Manager	1	1	1	nil	nil
Other Police Officers	7	7	7	nil	Nil
Superintendent	1	1	1	nil	Nil

### 3.15.3 FIRE

Functionally, the Disaster Risk Management unit is divided into four areas namely, Operations, Support Services, Fire Safety, and Disaster Risk Management

Within these functional areas, the following activities take place or are conducted:

**Operations:** The unit operate a 24 hour service which respond and deal with all fire, Rescue and Disaster incidents in the Municipal Area within the predetermined time. The unit does not have a Fire Station currently but operate from the municipal buildings.

**Service delivery priorities focus on the following:**

**Fire Safety:** The division focus on Fire Safety and building inspections in Business and Government institutions.

**Compliance:** The unit has to ensure compliance with the disaster management act no 57 of 2002, Fire Bridge act No 99 of 1987, National Building regulation (SANS400), building standards Act and related bylaws and Issuing Fire Safety Compliance letters.

**Disaster Risk Management:** The service delivery priority is aimed at the annual review of the Municipal Disaster Management plan which was reviewed and submitted for final approval and implementation.

The municipality renders relief services to Disaster victims by handing out relief material, e.g. Food parcels, lightning conductors, blankets, temporally shelters.

Fire Service engages in public and life safety education through awareness campaigns. In line with the Disaster Management Act (Act No. 57 of 2002) Umhlabuyalingana Municipality is trying its best to ensure that disaster management is part of its priorities thus it has established the Disaster Management Unit with well-trained personnel and has established the Disaster Forum to ensure a holistic approach toward the implementation of all disaster management programmes.

Municipal Fire Service Data	
Details	Year 2018/2019
Total fires attended in the year	88
Total of other incidents attended in the year	262
Average turnout time	15-30 minutes

Employees: Fire Services and Disaster Management					
Fire Fighters	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Chief Fire Officer	Nil	Nil	Nil	Nil	Nil
Other Fire Officers	10	10	10	NIL	33%
Disaster Risk Management Officer	1	1	1	Nil	Nil

#### 3.15.4 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

A Disaster Management Plan is in place and approved by the Council. Other functions are not performed by Umhlabuyalingana Municipality.

### 3.16 COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

#### 3.16.1 SPORTS AND RECREATION

The municipality had built a number of sports fields while some are still under construction. The municipality has established the Local Sports Council which works in different wards to help the municipality in the development of sports. The municipality has supported the leagues in various sporting codes throughout the municipality.

### 3.17 COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

#### 3.17.1 EXECUTIVE AND COUNCIL

The Executive Committee meet monthly to consider reports from the various portfolio committees. There are 35 Councillors that serve the Wards in the Umhlalbuyalingana Municipality and are allocated to internal portfolios and functions.

#### 3.17.2 FINANCIAL SERVICES

The Financial Services Department is responsible for the Budget and Treasury Office, Revenue Management, Expenditure Management, Asset Management and Supply Chain Management. The Municipality's debt recovery rate decreased by 9% when compared to the previous year rate. The activities of this section are detailed under Financial Performance (Chapter 5).

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Debt Recovery								
R'000								
Details of the types of account raised and recovered	2016/2017		2017/2018			2018/2019		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Actual for accounts billed in year	Actual for accounts collected in year	Percentage collected	Actual for accounts billed in year	Actual for accounts collected in year	Percentage collected %
Property rates	19,118,068	72%	19,829,577	14,979,287	75%	19,963,019	13 110 736	66%

Electricity - B	-	-	-	-	-	-	-	
Electricity - C	-	-	-	-	-	-	-	
Water - B	-	-	-	-	-	-	-	
Water -C	-	-	-	-	-	-	-	
Sanitation	-	-	-	-	-	-	-	
Refuse	201,968	120%	283,330	257,774	90%	583,201	298,251	51%
Traffic fines	1,709,650	18%	1,606,000	329,900	20%	1,567,950	371,600	24%
Rental	253,770	100%	303,161	326,639	107%	367 907	391,108	106%

### 3.18 HUMAN RESOURCE SERVICES

Human Resources as a component deals mainly with recruitment and selection, which includes staffing, human resources development, health and safety, maintaining health and sound employer-employee relations, human resources administration and benefits management. The Human Resources Strategy in place drives programmes and projects to deploy capable municipal staff to achieve service delivery objectives.

The Strategy is aligned to organisational objectives, through IDP and organisational scorecard on how to address human resources challenges and to strengthen human resources role and visibility within the organisation. The Municipality has a 5 year Employment Equity Plan and a Workplace Skills Plan drafted for 2018/2019 focusing on organisational development and change management. Furthermore the municipality took an initiative in 2015/2016 to cascade Individual Performance System to some staff members and as part of Personal Development Plan (PDP); employees identify their skills gap, which in turn assist in identifying training needs. An annual skills audit is conducted to identify the skills gap and ensure training to bridge the skills gaps. Municipal officials have gained skills capacity through this process.

All critical positions during the year were filled in order to ensure successful implementation of the municipality's vision. The following positions constituted the Umhlabuyalingana senior and middle management structure.

- Municipal Manager
- Director Planning, LED and Infrastructure Development
- Director Corporate Services
- Chief Financial Officer
- Director Community Services
- Deputy Director-Community Services
- Deputy Director-Corporate Services
- Deputy Director-Planning, LED and Infrastructure Development
- Technical Services Manager
- Manager: Town Planning
- PMS Manager
- IDP Manager
- Waste Manager
- Finance Manager
- Internal Audit Manager
- Risk and Compliance Manager

- Youth Manager
- Special Programmes Manager
- Community Services Manager
- Fleet Manager
- Finance Manager
- Budget Manager
- SCM Manager
- LED Manager (vacant)
- Public Safety Manager

### 3.18.1 HUMAN RESOURCES SERVICES POLICY OBJECTIVES

**TABLE 29: OBJECTIVES AND TARGETS OF HUMAN RESOURCES SERVICES**

Service Objectives	Service Targets	2016/2017		2017/2018		2018/2019-	
		Target	Actual	Target	Actual	Target	Actual
To attract and retain qualified and experienced staff across the staff establishment	Fill-in the priority vacant posts as per the approved organogram	2	2	2	2	2	2
Develop Workplace Skills Plan for efficient administration	Development of the Work Skills Plan	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes
To keep records and create institutional memory	Improve registry system	Improve registry system	Develop a system to store and manage documents prepared by and on behalf of the municipality	Develop a knowledge management system	Develop a system to store and manage documents prepared by and on behalf of the municipality	Develop a knowledge management system	Develop a system to store and manage documents prepared by and on behalf of the municipality

### 3.18.2 VACANCY RATE

TABLE 30: APPROVED AND VACANCY POSTS

Designations	Total Approved Posts	Total Vacant Posts
Municipal Manager	1	0
Chief Financial Officer	1	0
Other Section 54 Managers	3	0
Deputy Senior Managers	3	0
Managers	16	1
Traffic Officers	7	10
Fire fighters	10	0
Officers	24	0
Clerical	24	2
Other	127	4
Total	213	22

### 3.18.3 TURNOVER RATE

TABLE 31: RATE OF TERMINATION BY STAFF

Year	Total Appointments as at Beginning of Year	Terminations During Financial Year	Percentage
Financial year 2017/2018	9	5	2,3%

### **3.19 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

Umhlabyalingana Municipality has been using outsourced ICT Services but during the 2013/2014 financial year, appointed IT personnel in order to ensure the IT service management practice and culture is stable and available, including but not limited to, Helpdesk Management, Change Management, Service Level Management, etc. for effective implementation and management of IT governance. This includes the implementation of IT policies and supporting processes, management and transparent reporting on IT related risks. The municipality has also outsourced IT services because of capacity issues.

### **3.20 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES**

The revenue enhancement strategy is reviewed on an annual basis and was adopted by council before the end of 2018/2019 financial year. The measures have been made by management to encourage the rate payers to pay their property bills for the municipality, meetings have been held and discounts were issued by council to try and enhance collection. The municipality has realized improvements in the revenue collections after the engagements made above.

The successful implementation of the council's risk management Strategy and effective operation of risk management processes is undertaken by the Risk Management Committee. The Risk assessment was conducted for 2017/18 financial year by Ntshidi and Associates and a Risk Register has been developed. The Municipality reviewed the Risk Management Policy and Strategy and was tabled to Council for approval. Risk and Compliance Manager is responsible for the monitoring of Risk Register and tabling of risk register on quarterly bases.

### **3.21 COMPONENT J: MISCELLANEOUS**

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises. This section is not applicable in Umhlabyalingana Municipality.

### **3.22 COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD**

This component includes: Annual Performance Scorecard Report for the current year.



# CHAPTER 4

ORGANIZATIONAL DEVELOPMENT PERFORMANCE REPORT  
PART 2

## CHAPTER 4 - ORGANIZATIONAL DEVELOPMENT PERFORMANCE

### 4.1 PERFORMANCE REPORT PART II

#### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Organisational structure is reviewed annually and has been set out into five (5) effective departments to achieve the Municipality's objectives. There are a number of vacancies requiring personnel within the Planning, Community Services, Corporate Services, Management and Technical Services departments. Departments struggle with filling critical positions and budget constraints that are being overcome by reviewing the organogram and budget.

### 4.2 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

TABLE 32: EMPLOYEES

Description	Employees				
	2017/2018	2018/2019			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	-	-	-	-	-
Waste Water (Sanitation)	-	-	-	-	-
Electricity	-	-	-	-	-
Waste Management	18	18	18	-	-
Housing	-	-	-	-	-
Waste Water (Storm water Drainage)	-	-	-	-	--
Roads	9	9	9	-	
Transport	2	2	2	1	
Planning	3	3	3	0	

Local Economic Development	1	2	1	-	-
Planning (Strategic & Regulatory)	1	1	1	1	
Local Economic Development	-	-	-	-	-
Community & Social Services	21	21	21	-	-
Environmental Protection	2	2	-	-	-
Health	-	-	-	-	-
Security & Safety	10	0	0		
Sport & Recreation	-	-	-	-	-
Corporate Policy Offices and Other	16	16	16		-
Totals					

#### 4.3 VACANCY RATE

The posts for the 2018/2019 financial year were according to the approved organogram for the municipality. The actual positions filled are indicated in Table 4.1.2 by functional level.

TABLE 33: NUMBER OF FILLED POSTS PER FUNCTIONAL LEVEL

Designation	Vacancy Rate: 2018/2019		
	Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	3	0	1
Other S57 Managers (Finance Posts)	1	0	0
Police Officers	7	0	10
Fire fighters	7	0	3
Senior management Levels 13-15 (excluding Finance Posts)	14	0	3
Senior management Levels 13-15 (Finance Posts)	3	0	1
Highly skilled supervision: Levels 9-12 (excluding Finance Posts)	13	0	4

Highly skilled supervision: Levels 9-12 (Finance Posts)	6	0	0
Total	56	0	22

#### 4.4 TURNOVER RATE

Strategies are in place to improve work performance and reduce turnover. Municipal staff turnover is reflected in Table 34

TABLE 34: TURNOVER RATE

<i>Turn-over Rate</i>			
<i>Details</i>	<i>Total Appointment as of beginning of Financial Year No.</i>	<i>Terminations during the Financial Year No.</i>	<i>Turn-over Rate</i>
<i>Year -2017/2018</i>	<i>9</i>	<i>5</i>	<i>17%</i>
<i>*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year.</i>			

## 4.5 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Umhlabyalingana Municipality has developed/reviewed the following workforce management policies within the 2018/2019 financial year.

### 4.5.1 POLICIES

TABLE 35: HR POLICIES AND PLANS

Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
Subsistence & Travelling Policy	100%	100%	28/07/2016
Council approved Reviewed Employment Equity Plan and policy	100%	100%	/01/2019
Placement Policy	100%	100%	
Contract Management Policy	100%	100%	
COIDA	100%	100%	...
Loss Prevention & Management Policy	100%	100%	
Employment Equity Policy	100%	100%	30/01/2019
Overtime Policy & Benefits and Allowance Policies	100%	100%	30/06/2018
Work and Attendance Policy Termination Policy	100%	100%	30/06/2018
IT Strategy	100%	100%	10/06/2019
Records Management Policy	100%	100%	30/06/2018
IT Governance Framework	100%	100%	30/06/2018
IT Change Management Policy	100%	100%	30/06/2018
Patch Management Policy	100%	100%	30/06/2018
User Account Management Procedure	100%	100%	30/06/2018
Back-up & Restore Policy	100%	100%	30/06/2018
IT Risk Management Policy	100%	100%	30/06/2018
IT Security Policy	100%	100%	30/06/2018
Budget Policy	100%	100%	30/06/2018
Credit Control and Debt Collection Policy	100%	100%	30/06/2018
Indigent Policy	100%	100%	30/06/2018

Commented [LS1]: Those highlighted in yellow- updated

Investment and Cash Management Policy	100%	100%	30/06/2018
Pauper Burial Policy	100%	100%	31/05/2016
Petty Cash Policy	100%	100%	30/05/2018
Rate Policy	100%	100%	30/05/2018
Supply Chain Management Policy	100%	100%	30/05/2018
Waste Management Bylaws, Waste Management Policy and Waste Management Tariffs	100%	100%	30/05/2018
Disaster Recovery Plan	100%	100%	30/06/2018
Communication and Customer Care Policy	100%	100%	30/06/2018
Acting Policy	100%	100%	25/04/2019
IT Change Management Procedure	100%	100%	30/06/2018
IT Performance and capacity Management Policy	100%	100%	30/06/2018
User Account Management Policy	100%	100%	30/06/2018
User Account Management Procedure	100%	100%	30/06/2018
Physical Security and Environmental Controls Policy	100%	100%	30/06/2018
Activity Monitoring Policy and Procedure	100%	100%	30/06/2018
IT Charter	100%	100%	30/06/2018
Backup and Restore Procedure	100%	100%	30/06/2018

#### 4.5.2 INJURIES, SICKNESS AND SUSPENSIONS

TABLE 36: INJURIES, SICKNESS AND SUSPENSIONS

Type of Injury	Injury Leave Taken Days	Employees using Injury Leave No.	Proportion employees using Sick Leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0

Table 37: Number of days and Cost of Sick Leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	Average sick leave per employee	Estimated Cost
	Days	%	No.	No.	Days	R'000
Lower skilled (Levels 1-2)	32	0	2	22	0%	R5 000
Skilled (Levels 3-5)	34	3	19	21	0.00%	R8 000
Highly skilled production (Levels 6-8)	42	0	7	27	0%	R23 000
Highly skilled supervision (Levels 9-12)	31	0	4	20	0%	R16 000
Senior management (Levels 13-15)	20	0	7	17	0%	R27 000
MM and S57	2	0	1	5	0%	R18 000
Total	161	2	40	115	2.06%	R97 000
*Number of employees in post at the beginning of the year						
*Average is calculated by taking in column 2 divided by total employees in column 5						

TABLE 38: NUMBER AND PERIOD OF SUSPENSIONS

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

TABLE 39: DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary Action Taken	Date Finalized
Municipal Driver	Misuse of Municipal fuel card and Gross negligence. The employer suffered a loss of R6 150, 00 as a result of the fuel card misuse.	The employee was re-instated to his position however, the amount was paid in instalments over a period of six months.	

#### 4.5.3 PERFORMANCE REWARDS

TABLE 40: PERFORMANCE REWARDS BY GENDER

Designations	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R'000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	-	-	-		-
	-	-	-		-
Skilled (Levels 3-5)	-	-	-		-
	-	-	-		-
Highly skilled production (Levels 6-8)	-	-	-		-
	-	-	-		-
Highly skilled supervision (Levels 9-12)	-	-	-		-
	-	-	-		-
Senior management (Levels 13-15)	Female	-	-		-
	Male	-	-		-
MM and S57	Female	2	2	R256 545.49	
	Male	2	4	R335 927.16	
Total		4	6	R592 472.65	



## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### SKILLS DEVELOPMENT AND TRAINING

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, Umhlaluyalingana Municipality's financial competency development is as detailed in Table 4.7. The Municipality has built capacity in the management and finance departments, improving competency and performance in the functional areas.

TABLE 41: PROGRESS REPORT ON FINANCIAL COMPETENCY DEVELOPMENT AT UMHLALUYALINGANA MUNICIPALITY

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, Umhlaluyalingana Municipality's financial competency development is as detailed in Table 4.7. The Municipality has built capacity in the management and finance departments, improving competency and performance in the functional areas.

Table 4.5.1 Progress report on financial competency development at Umhlaluyalingana Municipality

Skills Matrix														
Management Level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June 2017/2018											
			Learner ships			Skilled programmes and other short courses			Other forms of training			Total		
		No.	Actual: 2017/2018	Actual: 2017/2018	Year: 2017/2018	Actual: 2018/2019	Actual: 2017/2018	Year : 2017/201	Actual: 2017/2018	Actual2016 2017/2018	Year: 2017/2018	Actual: 2017/2018	Actual: 2017/2018	Year: 2017/2018
MM and s57	Female	2	-	-	-	-	-	-	-	-	-	-	-	-
	Male	2	-	-	-	-	-	-	-	-	-	-	-	-
Councillors, senior officials and managers	Female	10	-	-	-	10	-	-	-	-	-	-	-	-
	Male	25	-	-	-	25	-	-	-	-	-	-	-	-
Technicians and associate professionals	Female	09	-	-	-	7	-	-	-	-	-	-	-	-
	Male	12	-	-	-	-	-	-	-	-	-	-	-	-
Professionals	Female	7	-	-	-	3	-	-	-	-	-	-	-	-
	Male	13	-	-	-	4	-	-	-	-	-	-	-	-
Sub Total	Female	28	-	-	-	13	-	-	-	-	-	-	-	-
	Male	52	-	-	-	28	-	-	-	-	-	-	-	-
Total		80	-	-	-	49	-	-	-	-	-	-	-	-

\*Registered with professional Associate body e.g. CA (SA)

TABLE 42: QUALIFICATION PROFILE FOR LEADERSHIP, GOVERNANCE AND MANAGERS FOR 2018/2019 FINANCIAL YEAR

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated total of A and B	Consolidated competency assessments completed for A and B (Regulation 14(4)(a),(b) and (d))	Consolidated total number of officials whose performance agreements comply Regulation 16 (Regulation 14(4)(f))	Consolidated total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	13	-	15	-	-	-
Accounting officer	1	3 from Tshidi associate	4	-	-	-
Chief financial officer	1	-	1	1	1	1
Senior managers	3	-	3	2	2	2
Any other financial officials	5	-	5	-	-	-
Supply Chain Management Officials	3	-	3	-	-	-
Heads of Supply chain management units	-	-	-	-	-	-
Supply chain management senior managers	1	-	1	-	-	-
Total	27		32	3	3	3
*This is a statutory report under the National Treasury: Local Government, MFMA Competency Regulations (June 2007)						

TABLE 43: SKILLS AND DEVELOPMENT EXPENDITURE

## Skills Development Expenditure

R'000

Management Level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1											
			Learner ships		Skilled programmes and other short courses		Other forms of training		Total					
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual			
MM and s57	Female	2	-	-	-		R400.000	R181 844.26	R400.000	R181 844.26				
	Male	2	-	-	-	-								
Legislators, senior officials and managers	Female	25	-	-	-	-								
	Male	10	-	-	-	-								
Professionals	Female	7	-	-	-	-								
	Male	13	-	-	-	-								
Technicians and associate professionals	Female	9	-	-	-	-								
	Male	12	-	-	-	-								
Clerks	Male	7	-	-	-									
	Female	5	-	-	-									
Service and sales workers	Male	24	-	-	-									
	Female	8	-	-	-									
Plant and machine operators and assemblers	Female	3	-	-	-									
	Male	36			-									
Elementary occupations	Male				-									
Subtotal	Female	56			-									
	Male	92			-									
Total		148			-									
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.														

## EMPLOYEE EXPENDITURE

TABLE 44: EMPLOYEE EXPENDITURE

Original Budget and Actual Expenditure on skills development Year 1										
Management Level	Gender	Employees as at the beginning of the financial year	Learner ships		Skilled programmes and other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and s57	Female	2	-	-	-	-	R400.000	R181 844.26	R400.000	R181 844.26
	Male	2	-	-	-	-				
Legislators, senior officials and managers	Female	25	-	-	-	-				
	Male	10	-	-	-	-				
Professionals	Female	7	-	-	-	-				
	Male	13	-	-	-	-				
Technicians and associate professionals	Female	9	-	-	-	-				
	Male	12	-	-	-	-				
Clerks	Male	7	-	-	-	-				
	Female	5	-	-	-	-				
Service and sales workers	Male	24	-	-	-	-				
	Female	8	-	-	-	-				
Plant and machine operators and assemblers	Female	3	-	-	-	-				
	Male	36			-					
Elementary occupations	Male				-					
Subtotal	Female	56			-					
	Male	92			-					
Total		148			-					
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										

**Staff and Councillor Training**

Budget: R 400 000

Expenditure: R 323 780.17

**Training:**

Budget: R400 000

Expenditure: R 323 780.17

**TABLE 45: TRAINING REPORT FROM JULY 2017 TO JUNE 2018**

<b>NO</b>	<b>BENEFICIARIES</b>	<b>NAME OF EMPLOYEE</b>	<b>JOB TITLE</b>	<b>NAME OF COURSE</b>	<b>Duration</b>
1.	Municipal Official	Miss K.C Lembede	Senior Admin Clerk	SHE REP	24-25/07/2017
2.	Municipal Official	Mr T Manzini	Municipal Driver	SHE REP	24-25/07/2017
3.	Municipal Official	Miss T.M Mthembu	General Worker	SHE REP	24-25/07/2017
4.	Municipal Official	Miss Z.N Vumase	Receptionist	SHE REP	24-25/07/2017
5.	Municipal Official	Mr B.P Mthiyane	Cyber-Cadet	SHE REP	24-25/07/2017
6.	Municipal Official	Mr M.S Mthethwa	General Worker	SHE REP	24-25/07/2017
7.	Municipal Official	Mr S.S Gumede	Supervisor-General Worker	SHE REP	24-25/07/2017
8.	Municipal Official	Miss S.P Mlambo	Senior Licensing Clerk	SHE REP	24-25/07/2017
9.	Municipal Official	Mr M.O Madolo	Supervisor-General Worker	SHE REP	24-25/07/2017
10.	Municipal Official	Mr J.V Manukuza	General Worker	SHE REP	24-25/07/2017

11.	Municipal Official	Miss L.P Ngubane	Receptionist	SHE REP	24-25/07/2017
12.	Municipal Official	Mrs M.E Masuku	HR Assistant	SDF Course	14-18/08/2017
13.	Municipal Official	Miss K.C Lembede	Senior Admin Clerk	Project Management	21-25/08/2017
14.	Municipal Official	Miss L. Sithole	HR Manager	Project Management	21-25/08/2017
15.	Municipal Official	Miss T.N Khambule	Ward committee Officer	Project Management	21-25/08/2017
16.	Municipal Official	Mr B.K Thwala	Committee Officer	Project Management	21-25/08/2017
17.	Municipal Official	Mr B.P Mthiyane	Cyber-Cadet	Project Management	21-25/08/2017
18.	Municipal Official	Mr Z.W Mnyandu	Registry Officer	Project Management	21-25/08/2017
19.	Municipal Official	Mr S Gumede	Secretary to Speaker	Project Management	21-25/08/2017
20.	Municipal Official	Miss N.G Mthethwa	Cashier	Project Management	21-25/08/2017
21.	Municipal Official	Miss N.P Jali	Contract Officer	Project Management	21-25/08/2017

NO	BENEFICIARIES	NAME OF EMPLOYEE	JOB TITLE	NAME OF COURSE	DURATION
1.	Municipal Official	Mr L.L Dangele	Disaster Management Officer	First Aid	30/10/17-03/11/2017
1.	Municipal Official	Mr M.M Zondo	Fire-fighter	First Aid	30/10/17-03/11/2017
2.	Municipal Official	Mr S Ntsele	Supervisor-Skhemelele	First Aid	30/10/17-03/11/2017
3.	Municipal Official	Mr P Buthelezi	Fire-fighter	First Aid	30/10/17-03/11/2017
1.	Municipal Official	Mr Z.W Mnyandu	Registry Officer	Electronic filling Training	13-15/11/2017
1.	Municipal Official	Mr N.D Ntuli	Registry Clerk	Electronic filling Training	13-15/11/2017
2.	Municipal Official	Mr K.K Khumalo	IT Assistant	Electronic filling Training	13-15/11/2017
3.	Municipal Official	Mr I.T. Mokoatle	IT Officer	Electronic filling Training	13-15/11/2017



NO	BENEFICIARIES	NAME OF EMPLOYEE	JOB TITLE	NAME OF COURSE	DURATION
1.	Municipal Official	Miss N Masinga	Receptionist	Service Excellence Customer care	06-09/03/2018
2.	Municipal Official	Miss Z Vumase	Receptionist Chamber	Service Excellence Customer care	06-09/03/2018
3.	Municipal Official	Miss. Nqobile Qwabe	Secretary Director Community Services	Service Excellence Customer care	06-09/03/2018
4.	Municipal Official	Miss. N.E. Mpungose	Licensing Clerk	Service Excellence Customer care	06-09/03/2018
5.	Municipal Official	Miss. N Mthethwa	Cashier	Service Excellence Customer care	06-09/03/2018
6.	Municipal Official	Mr T Sikhumbane	Library Assistant	Service Excellence Customer care	06-09/03/2018
7.	Municipal Official	Miss. N Qwabe	Licensing Clerk	Service Excellence Customer care	06-09/03/2018
8.	Municipal Official	Miss. N.E. Zungu	Traffic Officer	Service Excellence Customer care	06-09/03/2018
9.	Municipal Official	Miss. Z. Mhlongo	Examiner of Driving Licenses	Service Excellence Customer care	06-09/03/2018
10.	Municipal Official	Miss. N Msane	Admin Clerk	Service Excellence Customer care	06-09/03/2018

NO	BENEFICIARIES	NAME OF EMPLOYEE	JOB TITLE	NAME OF COURSE	Duration
1.	Municipal Official	Miss N.P .Jali	Contract Management Officer	Employee Self Service(ESS)	18-19 June 2018
2.	Municipal Official	Mrs T.P Nhlenyama	Risk & Compliance Manager	Employee Self Service(ESS)	18-19 June 2018
3.	Municipal Official	Miss T.G. Makhoba	Communication Clerk	Employee Self Service(ESS)	18-19 June 2018
4.	Municipal Official	Miss M.S Ngubane	I.T. Technician	Employee Self Service(ESS)	18-19 June 2018
5.	Municipal Official	Miss Z.P Buthelezi	Library Assistant	Employee Self Service(ESS)	18-19 June 2018
6.	Municipal Official	Miss N.G Masinga	Receptionist	Employee Self Service(ESS)	18-19 June 2018
7.	Municipal Official	Miss N.B. Msane	Admin Clerk	Employee Self Service(ESS)	18-19 June 2018
8.	Municipal Official	Miss Z.N Vumase	Receptionist	Employee Self Service(ESS)	18-19 June 2018
9.	Municipal Official	Mr N.D Ntuli	Registry Clerk	Employee Self Service(ESS)	18-19 June 2018
10.	Municipal Official	Miss N.C. Sibiya	Financial Intern	Employee Self Service(ESS)	18-19 June 2018
11.	Municipal Official	Miss N.L Ngema	Financial Intern	Employee Self Service(ESS)	18-19 June 2018
12	Municipal Official	Miss N.N Qwabe	Financial Intern	Employee Self Service(ESS)	18-19 June 2018

13.	Municipal Official	Miss T.N Khambule	Ward committees Officer	Employee Self Service(ESS)	18-19 June 2018
14.	Municipal Official	Miss C.F. Mdluli	Data Capturer	Employee Self Service(ESS)	18-19 June 2018
15.	Municipal Official	Mr K.C Mthembu	Youth manager	Employee Self Service(ESS)	18-19 June 2018
16.	Municipal Official	Mr M.S Tembe	Finance Intern	Employee Self Service(ESS)	18-19 June 2018
17.	Municipal Official	Mr P.N Gumede	Building Inspector	Employee Self Service(ESS)	18-19 June 2018
18.	Municipal Official	Mr B.K Thwala	Committees Officer	Employee Self Service(ESS)	18-19 June 2018
19.	Municipal Official	Mr B.N Ngubane	Technical Intern	Employee Self Service(ESS)	18-19 June 2018
20.	Municipal Official	Mr Q.I Nhlozi	Facilities Assistant	Employee Self Service(ESS)	18-19 June 2018
21.	Municipal Official	Mr T Mokoatle	IT Officer	Employee Self Service(ESS)	18-19 June 2018
22.	Municipal Official	Mr S.B. Zwane	PA to the Mayor	Employee Self Service(ESS)	18-19 June 2018
23.	Municipal Official	Mr K Khambule	Assets Clerk	Employee Self Service(ESS)	18-19 June 2018
24.	Municipal Official	Mr D.D Mthembu	SCM Clerk	Employee Self Service(ESS)	18-19 June 2018

25.	Municipal Official	Mr K.N Gumede	Finance Intern	Employee Self Service(ESS)	18-19 June 2018
26.	Municipal Official	Miss N.M Sibiya	Secretary to the Director Corporate Services	Employee Self Service(ESS)	18-19 June 2018
27.	Municipal Official	Mrs T.F Nkosi	Payroll Clerk	Employee Self Service(ESS)	18-19 June 2018
28.	Municipal Official	Mrs B.P Mavundla	Secretary to the CFO	Employee Self Service(ESS)	18-19 June 2018
29.	Municipal Official	Miss N.P Qwabe	Secretary to Director community Services	Employee Self Service(ESS)	18-19 June 2018
30.	Municipal Official	Miss H.M Mthembu	HR In-service Trainee	Employee Self Service(ESS)	18-19 June 2018
31.	Municipal Official	Miss N.P Makhathini	PMS Officer	Employee Self Service(ESS)	18-19 June 2018
32.	Municipal Official	Mrs M.E Masuku	HR Assistant	Employee Self Service(ESS)	18-19 June 2018
33.	Municipal Official	Miss P.L Ngubane	OHS Officer	Employee Self Service(ESS)	18-19 June 2018
34.	Municipal Official	Mr V.B Mbonambi	Fleet Officer	Employee Self Service(ESS)	18-19 June 2018
35.	Municipal Official	Mr Z.W Mnyandu	Registry Officer	Employee Self Service(ESS)	18-19 June 2018

36.	Municipal Official	Mr T.L Mthembu	Committee Assistant	Employee Self Service(ESS)	18-19 June 2018
37.	Municipal Official	Mr L.M Motha	Public Relations Officer	Employee Self Service(ESS)	18-19 June 2018
38.	Municipal Official	Miss Z.P Buthelezi	Library Assistant	Employee Self Service(ESS)	18-19 June 2018
39.	Municipal Official	Mr N.M Mthembu	IDP Manager	Employee Self Service(ESS)	18-19 June 2018
40.	Municipal Official	Mrs S.B. Nxumalo	Superintendent(Licensing )	Employee Self Service(ESS)	18-19 June 2018
41.	Municipal Official	Miss S.P.P Mlambo	Payroll Clerk	Employee Self Service(ESS)	18-19 June 2018
42.	Municipal Official	Miss. K.C Lembede	Secretary to the CFO	Employee Self Service(ESS)	18-19 June 2018
43.	Municipal Official	Mr N.D Ntuli	Registry clerk	Employee Self Service(ESS)	18-19 June 2018
44.	Municipal Official	Mrs T.L Masinga	Technician	Employee Self Service(ESS)	18-19 June 2018
45.	Municipal Official	Mrs F.S. Msabala	Manager-Technical	Employee Self Service(ESS)	18-19 June 2018
46.	Municipal Official	Miss N.R Mathe	HR Officer	Employee Self Service(ESS)	18-19 June 2018

47.	Municipal Official	Mr T.D. Mlambo	Special Programmes Manager	Employee Self Service(ESS)	18-19 June 2018
48.	Municipal Official	Mr N.J Mpontshane	PMS Manager	Employee Self Service(ESS)	18-19 June 2018
49.	Municipal Official	Mr M.S. Qwabe	Director technical Services	Employee Self Service(ESS)	18-19 June 2018
50.	Municipal Official	Mr T.S. Mkhabela	Acting Director Corporate Services	Employee Self Service(ESS)	18-19 June 2018
51.	Municipal Official	Mr N.P.E. Myeni	Chief Financial Officer	Employee Self Service(ESS)	18-19 June 2018
52.	Municipal Official	Mr S.T Shange	Acting Director Community	Employee Self Service(ESS)	18-19 June 2018
53.	Municipal Official	Mr S.L Mahaye	Public Safety Manager	Employee Self Service(ESS)	18-19 June 2018
54.	Municipal Official	Mr B.V Zisongo	Superintendent	Employee Self Service(ESS)	18-19 June 2018
55.	Municipal Official	Mr K.H. Zulu	Deputy Director Community Services	Employee Self Service(ESS)	18-19 June 2018
56.	Municipal Official	Miss L Sithole	Human Resources Manager	Employee Self Service(ESS)	18-19 June 2018

TABLE 46: NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

Number of Employees Whose Salaries were Increased Due to their Positions being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	1
	Male	N/A
Skilled (Levels 3-5)	Female	2
	Male	3
Highly skilled production (Levels 6-8)	Female	N/A
	Male	N/A
Highly skilled supervision (Levels 9-12)	Female	5
	Male	1
Senior management (Levels 13-15)	Female	1
	Male	3
MM and S57	Female	1
	Male	N/A
Total		17
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the number at the right hand side of the column		

TABLE 47: EMPLOYEES WHOSE SALARY LEVELS EXCEED

Employees whose Salary levels exceed the grade determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation

TABLE 48: EMPLOYEES APPOINTED TO POSTS NOT APPROVED

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
N/A	N/A	N/A	N/A	N/A

## **DISCLOSURES OF FINANCIAL INTERESTS**

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in Appendix



# CHAPTER 5

FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE

SPENDING AGAINST CAPITAL BUDGET

OTHER FINANCIAL MATTERS

AFS 2018/19

## INTRODUCTION

Financial performance of Umhlabuyalingana Municipality is analysed using the following 3 main components in this chapter (5)

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

## 5.1 COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

The municipality has collected total revenue of R208 991 992 and had operating expenses of R175 926 537 and Capital Expenditure of R60 382 705

(Refer to T 5.1.1)

5.2 TABLE 49: STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Approved budget 2018/2019	Adjustment 2018/2019	Final Budget 2018/2019	Actual amounts on comparable basis	Difference between final budget and actual	Actual Income As % Of Final Budget	Reference
<b>Statement of Financial Performance</b>							
<b>Revenue</b>							
<b>Revenue from exchange transactions</b>							
Service charges	201,600	469,400	671,000	583,201	87,799	86%	
Interest received - Debtors	868,640	153,706	1,022,346	1,014,610	7,736	99%	
Licenses and permits	4,082,520	(1,242,520)	2,840,000	3,567,590	727,590	125%	
Rental income	271,000	142,000	413,000	367,907	45,093	89%	
Other income	1,913,257	10,711,898	12,625,155	559,995	12,065,160	4%	
Interest received – investment	3,860,465	(2,570,465)	1,290,000	4,802,233	3,512,233	372%	
<b>Total revenue from exchange transactions</b>	<b>11,197,482</b>	<b>7,664,019</b>	<b>18,861,501</b>	<b>10,895,536</b>	<b>16,445,611</b>	<b>57%</b>	
<b>Revenue from non-exchange transactions</b>							
Property Rates	19,516,725	-	19,963,019	19,963,019	-	100%	
Traffic fines	1,915,100	(89,100)	1,826,000	1,567,950	258,050	85%	
<b>Total revenue from non-exchange transactions</b>	<b>21,431,825</b>	<b>(89,100)</b>	<b>21,789,019</b>	<b>21,530,969</b>	<b>258,050</b>	<b>98%</b>	

### 5.3 GRANT PERFORMANCE

GRANT PERFORMANCE						
Description	2018	2018/2019			2018/2019 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget %	Adjustment Budget %
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	<b>139,913,000</b>	<b>150,623,000</b>	<b>150,623,000</b>	<b>150,623,000</b>	<b>100%</b>	<b>100%</b>
Equitable Share	133,848,000	145,676,000	145,676,000	145,676,000	100%	100%
Finance Management Grant	1,900,000	1,900,000	1,900,000	1,900,000	100%	100%
EPWP Grant	4,165,000	3,047,000	3,047,000	3,047,000	100%	100%
<b>Provincial Government</b>	<b>3,907,000</b>	<b>4,598,000</b>	<b>5,073,000</b>	<b>5,073,000</b>	<b>110%</b>	<b>100%</b>
Library Grant	1,657,000	3,398,000	1,873,000	1,873,000	55%	100%
COGTA – Planning Grant	1,000,000	-	2,000,000	2,000,000	-	100%
EDTEA – Planning Grant	1,250,000	1,200,000	1,200,000	1,200,000	100%	100%
<b>Total Operating Transfers and Grants</b>	<b>143,820,000</b>	<b>155,221,000</b>	<b>155,696,000</b>	<b>155,696,000</b>	<b>100%</b>	<b>100%</b>

#### 5.4 ASSET MANAGEMENT

Repairs and Maintenance Expenditure: 2018/2019				
	Original Budget	Adjustment Budget	Actual	Budget Variance
Repairs and Maintenance Expenditure	3,330,000	8,022,839	8,022,839	-

#### 5.5 FINANCIAL RATIOS

#### 5.6 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital expenditure is 96% of the Capital budget. 96% of expenditure is grant funded and 4% expenditure is funded by internal funds. Capital grants are from MIG grant, Grant. All capital projects which are from these categories Roads, Community Centers and community halls are funded by MIG Grant.

##### 5.6.1 TABLE: CAPITAL EXPENDITURE - FUNDING SOURCES

Capital Expenditure - Funding Sources					
Details	2018	2018/2019			
	Actual	Original Budget	Adjustment Budget	Actual	Actual to Adj Variance (%)
<b>Source of finance</b>					
External loans	-	-	-	-	-
Public contributions and donations	107,497	-	-	-	-
Grants and subsidies	63,397,223	58,557,330	38,702,441	37,759,744	97%

	Other	5,684,205	2,030,000	1,898,422	1,372,360	72%
<b>Total</b>		<b>69,188,925</b>	<b>60,587,330</b>	<b>40,600,863</b>	<b>39,132,104</b>	<b>96%</b>
<b>Percentage of finance</b>						
	External loans	0%	0%	0%	0%	0%
	Public contributions and donations	0%	0%	0%	0%	0%
	Grants and subsidies	91%	96%	95%	96%	96%
	Other	9%	4%	5%	4%	4%

<b>Capital expenditure</b>						
Roads and storm water		7,769,769	20,700,000	23,130,329	21,896,635	94%
Other		61,419,156	39,887,330	17,470,534	17,235,469	98%
<b>Total</b>		<b>69,188,925</b>	<b>60,587,330</b>	<b>40,600,863</b>	<b>39,132,104</b>	<b>96%</b>
Roads and storm water		12%	35%	56%	55%	
Other		88%	65%	44%	45%	

5.6.2 TABLE: CAHFLOW OUTCOMES

Cash Flow Outcomes				
	2017/2018	Current: 2018/2019		
Description	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>	<b>207,616,357</b>	<b>230,642,333</b>	<b>237,397,153</b>	<b>254,660,136</b>
Ratepayers and other	20,716,262	15,174,213	14,845,018	22,798,422
Government Grants	178,138,762	207,544,000	219,261,000	223,011,000
Interest	3,273,313	1,832,050	1,290,000	4,802,233
Other receipts	5,488,020	6,092,070	2,001,135	4,048,481
<b>Payments</b>	<b>(152,954,438)</b>	<b>(149,157,025)</b>	<b>(179,951,903)</b>	<b>(200,771,551)</b>
Employee costs	(70,363,172)	(81,772,368)	(88,871,134)	(79,055,704)
Finance charges	(8,069)	-	-	(3,384)
Suppliers	(82,583,197)	(67,384,657)	(91,080,769)	(121,712,463)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(54,661,919)</b>	<b>81,485,308</b>	<b>57,445,250</b>	<b>53,888,585</b>
Receipts	-	-	-	-
Proceeds on disposal of PPE	268,274	-	-	448,422
Decrease (Increase) in non-current debtors	-	-	-	-
Purchase of other intangible assets	(145,730)	-	-	(69,031)

Decrease (Increase) in non-current investments	-	-	-	
Write – Off Intangible assets				
Payments				
Capital assets	(38,416,793))	(53,329,117)	(40,600,863)	(39,244,310)
<b>NET CASH FROM (USED) INVESTING ACTIVITIES</b>	<b>(38,294,249)</b>	<b>(53,329,117)</b>	<b>(40,600,863)</b>	<b>(38,864,919)</b>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>16,367,670</b>	<b>28,156,191</b>	<b>16,844,450</b>	<b>15,023,666</b>
Cash / cash equivalents at the year begin:	<b>18,260,777</b>	<b>26,945,131</b>	<b>34,628,447</b>	<b>34,628,447</b>
Cash / cash equivalents at the year-end:	<b>34,628,447</b>	<b>55,101,322</b>	<b>51,472,897</b>	<b>49,652,113</b>

TABLE: 5.6.3 MUNICIPAL AND ENTITY INVESTMENTS

Municipal and Entity Investments			
	2016/2017	2017/2018	2018/2019
	Actual	Actual	Actual
<b>Municipality</b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	18,213,324	18,213,324	34,991,970
Other			
<b>Municipality sub-total</b>	<b>18,213,324</b>	<b>18,213,324</b>	<b>34,991,970</b>



## 5.7 COMPONENT C: OTHER FINANCIAL MATTERS

### 5.7.1 CASH FLOW MANAGEMENT AND INVESTMENTS

It is important for the municipality to manage its cash flows and ensure that they maintain their liquidity status so they can be able to meet their long and short term obligations.

Cash flows of the municipality are looking great as they have increased when comparing cash and cash equivalents for 2017/18 against cash and cash equivalents for 2018/2019 financial year.

### 5.7.2 BORROWING AND INVESTMENTS

The municipality does not have borrowings it only have short term investments. Short term investments are made to different banks in different types of investment accounts like fixed deposits and money market accounts

### 5.7.3 PUBLIC PRIVATE PARTNERSHIPS

The municipality did not have partnership agreements during 2018/2019 financial year.

## 5.8 COMPONENT D: OTHER FINANCIAL MATTERS

### 5.8.1 SUPPLY CHAIN MANAGEMENT

Umhlabuyalingana Municipality have a centralised SCM Unit which is under the management of the CFO. The unit has 4 officials, 4 of these officials have done training on the prescribed level of competency requirements but still waiting for their competency certificates.

All the SCM Committees have been established and they are functioning properly in the implementation of the SCM processes.

### 5.8.2 GRAP COMPLIANCE

The municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.

# CHAPTER 6

FINANCIAL PERFORMANCE

AFS 2018/19



Umhlabuyalingana Local Municipality  
Annual Financial Statements  
for the year ended June 30, 2019

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### General Information

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<b>Legal form of entity</b>	Municipality KZN 271
<b>Nature of business and principal activities</b>	The main purposes of the municipality is to engage in local governance activities which include planning and promotions of integrated development planning, economic and environmental development and supplying of services to the community.
<b>Executive committee</b>	
Mayor	Cllr. NS Mthethwa
Deputy Mayor	Cllr. FG Mlambo
Speaker	Cllr. BT Tembe
<b>Grading of local authority</b>	Medium capacity municipality
<b>Accounting Officer</b>	Mrs. NP Gamede
MPAC Chairperson	Cllr. SP Mthethwa
<b>Chief Finance Officer (CFO)</b>	Mr. NPE Myeni
<b>Exco Members</b>	Cllr. BN Ntsele Cllr. SN Tembe Cllr. MD Mathenjwa Cllr. MZ Mhlongo Cllr. ZM Mhlongo
<b>Registered office</b>	Municipal Building Kwangwanase 3973
<b>Postal address</b>	Private Bag X 901 Kwangwanase 3973
<b>Bankers</b>	First National Bank of South Africa
<b>Attorneys</b>	Maseko Mbatha Attorneys

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### General Information

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#### List of councillors in office

Cllr. KO Tembe  
Cllr. TN Magagula  
Cllr. LD Tembe  
Cllr. M Mthembu  
Cllr. SG Nxumalo (Resigned: 31 October 2018)  
Cllr. GS Mthembu  
Cllr. DA Tembe  
Cllr. MI Mthembu  
Cllr. N Vumase  
Cllr. JB Gwala  
Cllr. NJ Ndabeni  
Cllr. NC Mdletshe  
Cllr. EG Mhlongo  
Cllr. JE Sithole  
Cllr. BC Zikhali  
Cllr. SM Ndlovu  
Cllr. TS Myeni  
Cllr. LE Mkhwanazi  
Cllr. JG Ngubane  
Cllr. SS Gumede  
Cllr. BJ Tembe  
Cllr. MD Mathenjwa  
Cllr. TL Mlambo  
Cllr. HK Gumede  
Cllr. TS Khumalo  
Cllr. TJ Nxumalo  
Cllr. ET Nxumalo (Appointed: 19 April 2019)

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 10
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COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers(Previously IMFO)
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2020, and in the light of this review and the current financial position, she is satisfied that the municipality has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the Grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that Mhlabyalingana Municipality has neither the intention nor the need to liquidate or materially curtail the scale of the municipality.

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Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 69, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2019 and were signed on its behalf by:

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Accounting Officer  
Mrs. NP Gamede

Saturday, August 31, 2019

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Statement of Financial Position as at June 30, 2019

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	7	188,694	126,206
Receivables from non-exchange transactions	9	15,127,542	11,912,206
Receivables from exchange transactions	8	600,047	1,165,325
Cash and cash equivalents	10	49,652,113	34,628,447
		<b>65,568,396</b>	<b>47,832,184</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	301,221,318	288,549,507
Intangible assets	4	825,183	1,078,775
		<b>302,046,501</b>	<b>289,628,282</b>
<b>Total Assets</b>		<b>367,614,897</b>	<b>337,460,466</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Operating lease liability	5	16,064	-
Payables from exchange transactions	13	12,975,331	12,457,198
VAT payable	14	3,809,162	4,699,055
Employee benefit obligation	6	150,033	113,296
Unspent conditional grants and receipts	22&11	9,422,729	3,325,741
Provisions	12	7,765,494	4,319,840
		<b>34,138,813</b>	<b>24,915,130</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	6	2,223,118	1,830,916
Provisions	12	12,362,138	11,058,664
		<b>14,585,256</b>	<b>12,889,580</b>
<b>Total Liabilities</b>		<b>48,724,069</b>	<b>37,804,710</b>
<b>Net Assets</b>		<b>318,890,828</b>	<b>299,655,756</b>
Accumulated surplus		318,890,828	299,655,756



## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
<b>REVENUE</b>			
<b>Revenue from exchange transactions</b>			
Refuse Removal	16	583,201	283,330
Licences and permits		3,567,590	3,882,020
Commissions received	17	80,323	62,386
Rental income	18	367,907	303,161
Other income	19	559,995	237,810
Interest received - investment	20	4,802,233	3,273,313
<b>Total revenue from exchange transactions</b>		<b>9,961,249</b>	<b>8,042,020</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	21	19,963,019	19,829,577
Interest on Rates - Debtors		1,549,899	1,268,136
<b>Transfer revenue</b>			
Government grants & subsidies	22	194,914,176	178,138,762
Public contributions and donations	23	812,637	107,497
Fines, Penalties and Forfeits		1,567,950	1,606,000
<b>Total revenue from non-exchange transactions</b>		<b>218,807,681</b>	<b>200,949,972</b>
<b>Total revenue</b>	15	<b>228,768,930</b>	<b>208,991,992</b>
<b>EXPENDITURE</b>			
Employee related costs	24	(66,559,952)	(58,301,900)
Remuneration of councillors	25	(12,471,999)	(12,161,272)
Depreciation and amortisation	26	(22,750,071)	(21,564,593)
Impairment loss	27	(4,158,190)	(2,909,386)
Finance costs	28	(1,285,741)	(1,125,401)
Lease rentals on operating lease		(2,136,576)	(1,720,903)
Debt Impairment	29	(6,446,013)	(8,015,671)
Inventory consumed		(2,909,810)	(2,245,784)
Assets write-off	30	(671,628)	(112,712)
Contracted services	31	(39,895,875)	(33,933,986)
Transfers and subsidies	33	(2,872,501)	(3,006,668)
Operational cost	32	(45,917,434)	(31,460,703)
<b>Total expenditure</b>		<b>(208,075,790)</b>	<b>(176,558,979)</b>
(Loss)/Gain on write off/disposal of assets	3	(1,067,852)	156,313
Actuarial (losses)/gains	6	(49,695)	305,613
	9	-	-
		<b>(1,117,547)</b>	<b>461,926</b>
<b>Surplus for the year</b>		<b>19,575,593</b>	<b>32,894,939</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	269,700,913	269,700,913
Adjustments		
Prior year adjustments	(3,122,027)	(3,122,027)
<b>Balance at July 1, 2017 as restated*</b>	<b>266,578,886</b>	<b>266,578,886</b>
Changes in net assets		
Surplus for the year	32,894,939	32,894,939
Prior year adjustment	(158,590)	(158,590)
Total changes	32,736,349	32,736,349
<b>Restated* Balance at July 1, 2018</b>	<b>299,315,235</b>	<b>299,315,235</b>
Changes in net assets		
Surplus for the year	19,575,593	19,575,593
Total changes	19,575,593	19,575,593
<b>Balance at June 30, 2019</b>	<b>318,890,828</b>	<b>318,890,828</b>
Note(s)		

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from customers and other		22,798,422	20,716,262
Grants		223,011,000	178,138,762
Interest income		4,802,233	3,273,313
Other receipts		4,048,481	5,488,020
		<u>254,660,136</u>	<u>207,616,357</u>
<b>Payments</b>			
Employee costs		(79,031,951)	(70,363,172)
Suppliers		(120,345,593)	(82,583,196)
Interest Paid		(3,384)	(8,069)
		<u>(199,380,928)</u>	<u>(152,954,437)</u>
<b>Net cash flows from operating activities</b>	34	<b>55,279,208</b>	<b>54,661,920</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(40,634,933)	(38,416,794)
Proceeds from sale of assets	3	448,422	268,274
Purchase of other intangible assets	4	(69,031)	(145,730)
<b>Net cash flows from investing activities</b>		<b>(40,255,542)</b>	<b>(38,294,250)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>15,023,666</b>	<b>16,367,670</b>
Cash and cash equivalents at the beginning of the year		34,628,447	18,260,777
<b>Cash and cash equivalents at the end of the year</b>	10	<b>49,652,113</b>	<b>34,628,447</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Refuse Removal	201,600	469,400	671,000	583,201	(87,799)	Note 47.1
Licences and permits	4,082,520	(1,242,520)	2,840,000	3,567,590	727,590	Note 47.2
Commissions received	-	77,480	77,480	80,323	2,843	Note 47.3
Rental income	271,000	142,000	413,000	367,907	(45,093)	Note 47.4
Other income	1,913,257	10,711,898	12,625,155	559,995	(12,065,160)	Note 47.5
Interest received - Investment	3,860,465	(2,570,465)	1,290,000	4,802,233	3,512,233	Note 47.7
<b>Total revenue from exchange transactions</b>	<b>10,328,842</b>	<b>7,587,793</b>	<b>17,916,635</b>	<b>9,961,249</b>	<b>(7,955,386)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	19,516,725	446,294	19,963,019	19,963,019	-	
Interest on rate debtors	868,640	153,706	1,022,346	1,549,899	527,553	Note 47.6
<b>Transfer revenue</b>						
Government grants	178,051,000	945,000	178,996,000	194,914,176	15,918,176	Note 47.9
Public contributions and donations	-	812,637	812,637	812,637	-	
Fines	1,915,100	(89,100)	1,826,000	1,567,950	(258,050)	Note 47.10
<b>Total revenue from non-exchange transactions</b>	<b>200,351,465</b>	<b>2,268,537</b>	<b>202,620,002</b>	<b>218,807,681</b>	<b>16,187,679</b>	
<b>Total revenue</b>	<b>210,680,307</b>	<b>9,856,330</b>	<b>220,536,637</b>	<b>228,768,930</b>	<b>8,232,293</b>	
<b>Expenditure</b>						
Employee related cost	(58,375,530)	(17,604,470)	(75,980,000)	(66,559,952)	9,420,048	Note 47.11
Remuneration of councillors	(12,210,303)	(680,697)	(12,891,000)	(12,471,999)	419,001	Note 47.12
Depreciation and amortisation	(23,238,998)	-	(23,238,998)	(22,750,071)	488,927	Note 47.13
Impairment loss	-	(3,654,118)	(3,654,118)	(4,158,190)	(504,072)	Note 47.14
Finance costs	(250,000)	(1,288,000)	(1,538,000)	(1,285,741)	252,259	Note 47.15
Lease rentals on operating lease	(450,000)	(1,703,442)	(2,153,442)	(2,136,576)	16,866	Note 47.16
Debt Impairment	(16,012,747)	11,001,790	(5,010,957)	(6,446,013)	(1,435,056)	Note 47.17
Contracted Services	(6,992,000)	(33,221,889)	(40,213,889)	(39,895,875)	318,014	Note 47.18
Transfer and Subsidies	-	(2,873,081)	(2,873,081)	(2,872,501)	580	
Operational Cost	(39,739,000)	(6,488,849)	(46,227,849)	(45,917,434)	310,415	Note 47.19
Inventory Consumed	(200,000)	(2,827,936)	(3,027,936)	(2,909,810)	118,126	
Asset write off	-	(677,277)	(677,277)	(671,628)	5,649	
<b>Total expenditure</b>	<b>(157,468,578)</b>	<b>(60,017,969)</b>	<b>(217,486,547)</b>	<b>(208,075,790)</b>	<b>9,410,757</b>	
<b>Operating surplus</b>	<b>53,211,729</b>	<b>(50,161,639)</b>	<b>3,050,090</b>	<b>20,693,140</b>	<b>17,643,050</b>	
Loss on disposal of assets	-	(1,542,454)	(1,542,454)	(1,067,852)	474,602	Note 47.20
Actuarial losses	-	(60,000)	(60,000)	(49,695)	10,305	Note 47.21
	-	(1,602,454)	(1,602,454)	(1,117,547)	484,907	
<b>Surplus before taxation</b>	<b>53,211,729</b>	<b>(51,764,093)</b>	<b>1,447,636</b>	<b>19,575,593</b>	<b>18,127,957</b>	

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Surplus for the year excluding capital expenditure</b>	<b>53,211,729</b>	<b>(51,764,093)</b>	<b>1,447,636</b>	<b>19,575,593</b>	<b>18,127,957</b>	
Capital Expenditure	(60,587,330)	19,986,467	<b>(40,600,863)</b>	(41,516,325)	<b>(915,462)</b>	Note 47.22
<b>Comparison of Budget and Actual amounts</b>	<b>(7,375,601)</b>	<b>(31,777,626)</b>	<b>(39,153,227)</b>	<b>(21,940,732)</b>	<b>17,212,495</b>	

### Accounting Policies

#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

##### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

##### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

##### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that these assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of property plant and equipment and intangible assets

The municipality's management determines the estimated useful lives and related depreciation charges for infrastructure and community assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

An impairment loss is recognised in the statement of financial performance when there is objective evidence that the debtor is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

## Accounting Policies

### 1.4 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 -30 years
Borehole	Straight line	20 years
Clinics	Straight line	30 years
Furniture and fixtures	Straight line	7 - 10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 - 7 years
IT equipment	Straight line	3 years
Creche	Straight line	30 years
Infrastructure	Straight line	30 years
Roads and Paving	Straight line	20 years
Roads and Water	Straight line	3 - 10 years
Gravel Surface	Straight line	10 years
Recreational Facility	Straight line	20 -30 years
Community Halls	Straight line	30 years
Bins and containers	Straight line	15 years
Libraries	Straight line	30 years
Fence	Straight line	5 years
Gates	Straight line	5 - 10 years
Jojo Tanks	Straight line	30 years
Park facilities	Straight line	10 years
Landfill sites	Straight line	30 years
Leased Office Equipment	Straight line	5 years
Specialised vehicles	Straight line	10 years
Special Plant and Equipment	Straight line	10 - 15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

## Umlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

#### 1.4 Property, plant and equipment (continued)

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

#### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer Software	Straight line	5 years
Other Intangible assets	Straight line	3 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).



## Umhlaluyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

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#### 1.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Receivables and exchange transactions	Financial asset measured at amortised cost
Receivables and non-exchange transactions	Financial asset measured at amortised cost
VAT Receivables	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Unspent conditional grants	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

#### Initial recognition

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

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#### 1.6 Financial Instruments (continued)

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

##### Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its amortised cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its amortised cost.

##### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

##### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

##### Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- a combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

##### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

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#### 1.6 Financial instruments (continued)

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

##### Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

##### Derecognition

##### Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

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#### 1.7 Leases (continued)

##### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

##### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

##### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

#### 1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

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#### 1.9 Impairment of cash-generating assets (continued)

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

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#### 1.9 Impairment of cash-generating assets (continued)

##### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### 1.10 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

## Umhlabuyalingana Local Municipality

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#### 1.10 Impairment of non-cash-generating assets (continued)

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

##### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

##### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

##### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### 1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.



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#### 1.12 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

##### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

##### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

#### 1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.



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#### 1.13 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenses.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

## Umhlaluyalingana Local Municipality

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#### 1.13 Provisions and contingencies (continued)

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, the municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

#### 1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

## Umhlabuyalingana Local Municipality

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#### 1.14 Revenue from exchange transactions (continued)

##### Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

## Umhlabuyalingana Local Municipality

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#### 1.15 Revenue from non-exchange transactions (continued)

##### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

##### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

##### Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

##### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

##### Property Rates

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

##### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

##### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

## Umhlabayalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

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#### 1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.18 Accounting by principals and agents

##### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

##### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

##### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

##### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

##### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

## Umhlabyalingana Local Municipality

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#### 1.18 Accounting by principals and agents (continued)

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

#### 1.19 Value Added Tax (VAT)

The municipality accounts for VAT on an invoice basis.

#### 1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.21 Unauthorised expenditure

Unauthorised expenditure in relation to a Municipality means any expenditure incurred by a municipality otherwise than in accordance with Section 15 or 11(3), and includes-

- Overspending of the total amount appropriated in the municipality's approved budget;  
Overspending of the total amount appropriated for a vote in the approved budget;  
Expenditure from a vote unrelated to the department or functional area covered by the vote;  
Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.



## Umhlabuyalingana Local Municipality

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#### 1.23 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.24 Use of an estimate

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

#### 1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

#### 1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2019 to 6/30/2020.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

## Umhlabuyalingana Local Municipality

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#### 1.27 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### 1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### 1.29 Commitments

Items are classified as commitments where the municipality commits itself into future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- Approved and contracted commitments;
- Where the expenditure has been approved and the contract has been awarded at the reporting date; and
- Where disclosure is required by specific GRAP standard.

The municipality will disclose authorised operational and capital expenditure, that which has been approved and contracted for and that which has been approved and not yet contracted for. Outstanding operating lease commitments owing by the municipality and the periods in which payments fall due will also be disclosed.

Commitments are disclosed under note 36 of the annual financial statements.

#### 1.30 Retention

Retention is also commonly called retainage and is a term referring to the percentage of payment held back from a construction contract. This is a financial term and the owners of a building, or those who are paying for its work to be done, take the lead in drawing up and enforcing the retention plan. General contractors sometimes have retention plans as well

Retention is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the



## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Accounting Policies

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#### 1.30 Retention (continued)

amount due and retained by the client. The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract. Retention can also be applied to nominated sub-contractors, and the main contractor may also apply retention to domestic sub-contractors.

- Often the percentage of retention ranges from 5% to 10% depending on:

a) The risk of the project, if the risk of failure is high then the percentage will be at maximum 10%.

b) The experience of the awarded contractor, if the contractor has minimum experience of the work to be executed then the percentage will be maximum 10%.

- Half of the amount retained is released on certification of practical completion ('substantial completion' for Institution of Civil Engineers (ICE) contracts) and the remainder is released upon certification of making good defects (or 'final statement' for design and build contracts such as Joint Contracts Tribunal (JCT)).

- Interim certificates should make clear the amount of retention and a statement should also be prepared showing retention for nominated sub-contractors. The contract may require that retention is kept in a separate bank account and that this is certified to contractors. In this case, the client will generally keep any interest paid on the account.

#### 1.31 Contracted Services

Contracted Services are distinguish between Outsourced Services, Contractors and Professional and Special Services.

##### Outsourced Services

The municipality should have the capacity and expertise to carry out certain services, but for some reasons not utilising their own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs. In evaluating the classification of outsourced services it should be established whether the services being procured could have been provided by the municipality itself. It could also be that the municipality ordinarily has the expertise to provide the service but temporarily could not do so or to save costs.

##### Consultants and Professional Services

Consulting services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis. Therefore a consultant is a professional person appointed by the department to provide technical and specialist advice or to assist with the design and implementation of specific projects/programs. The legal status of this person can be an individual a partnership or a corporation. The fact that a consultant is defined as a professional person implies that the consultant is professionally qualified. The provision of advice or service is in line with a contractual arrangement. Remuneration is usually based on an hourly fee or a fixed fee for a product/deliverable. This category consists of groups for "Business and Advisory Services", "Infrastructure and Planning", "Laboratory" and "Legal Service".

##### Contractors

Contractors are required to provide services that are not the core business of the municipality. It is normally not cost effective to maintain these skills within the department. Contractors include costs associated with the use of contracted individuals or businesses on projects or tasks. This does not include amounts payable to contractors in respect of provision of services such as cleaning and security even if a staff element can be identified.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 104 (amended): Financial Instruments</li> </ul>	April 1, 2020	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>Guideline: Guideline on Accounting for Landfill Sites</li> </ul>	April 1, 2020	Unable to reliably estimate the impact
<ul style="list-style-type: none"> <li>Guideline: Guideline on the Application of Materiality to Financial Statements</li> </ul>	April 1, 2020	Unlikely there will be a material impact
<ul style="list-style-type: none"> <li>GRAP 1 (amended): Presentation of Financial Statements</li> </ul>	April 1, 2020	Unable to reliably estimate the impact
<ul style="list-style-type: none"> <li>IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue</li> </ul>	April 1, 2020	Unable to reliably estimate the impact
<ul style="list-style-type: none"> <li>Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme</li> </ul>	April 1, 2019	Unable to reliably estimate the impact
<ul style="list-style-type: none"> <li>Directive 7 (revised): The Application of Deemed Cost</li> </ul>	April 1, 2019	Unlikely there will be a material impact

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand

#### 3. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	658,992	-	658,992	658,992	-	658,992
Buildings	39,033,094	(11,872,797)	27,160,297	38,960,194	(10,582,685)	28,377,509
Infrastructure assets	372,968,276	(110,204,907)	262,763,369	333,999,825	(87,004,761)	246,995,064
Other property, plant and equipment	18,866,086	(8,227,426)	10,638,660	21,501,615	(8,983,673)	12,517,942
<b>Total</b>	<b>431,526,448</b>	<b>(130,305,130)</b>	<b>301,221,318</b>	<b>395,120,626</b>	<b>(106,571,119)</b>	<b>288,549,507</b>

#### Reconciliation of property, plant and equipment - 30 June 2019

	Opening balance	Additions	Additions through WIP	Disposals	Transfers received	Transfers	Donated assets	Write off	Depreciation	Impairment loss	Total
Land	658,992	-	-	-	-	-	-	-	-	-	658,992
Buildings	28,377,509	72,900	-	-	-	-	-	-	(1,290,112)	-	27,160,297
Infrastructure assets	246,995,064	1,390,623	37,577,826	-	25,538,713	(25,538,713)	-	-	(19,041,954)	(4,158,190)	262,763,369
Other property, plant and equipment	12,517,942	1,593,584	-	(1,516,274)	-	-	812,361	(665,279)	(2,103,674)	-	10,638,660
	<b>288,549,507</b>	<b>3,057,107</b>	<b>37,577,826</b>	<b>(1,516,274)</b>	<b>25,538,713</b>	<b>(25,538,713)</b>	<b>812,361</b>	<b>(665,279)</b>	<b>(22,435,740)</b>	<b>(4,158,190)</b>	<b>301,221,318</b>

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

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### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Additions through WIP	Transfers received	Transfers	Write off	Depreciation	Impairment loss	Impairment reversal	Total
Land	658,992	-	-	-	-	-	-	-	-	658,992
Buildings	29,664,198	75,000	-	-	-	-	(1,294,610)	(67,079)	-	28,377,509
Electrification	3,736,617	-	-	-	(3,736,617)	-	-	-	-	-
Infrastructure assets	229,560,960	13,962,470	20,703,775	-	3,736,617	-	(18,126,437)	(2,842,321)	-	246,995,064
Other property, plant and equipment	10,677,309	3,675,549	-	107,497	-	(111,961)	(1,986,766)	-	156,314	12,517,942
	<b>274,298,076</b>	<b>17,713,019</b>	<b>20,703,775</b>	<b>107,497</b>	<b>-</b>	<b>(111,961)</b>	<b>(21,407,813)</b>	<b>(2,909,400)</b>	<b>156,314</b>	<b>288,549,507</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

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Notes to the Annual Financial Statements

2019

2018

3. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Buildings	-	38,907,086
Infrastructure - Multipurpose Centre	23,584,045	-
Infrastructure- Community Halls	17,241,246	-
Infrastructure- Market Stalls	2,226,558	-
Infrastructure- Bridge and Causeway	2,691,242	-
Infrastructure - Roads	9,121,893	-
Infrastructure - Sportfields	320,903	-
Youth Enterprise	887,971	-
Infrastructure	-	5,127,659
	<b>56,073,858</b>	<b>44,034,745</b>

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Manguzi Multipurpose	23,584,045	20,842,953
Manguzi Multipurpose Centre is a multi year project, and estimated to be completed December 2019. Contractor surrendered the contract and the municipality is awaiting for new specification for re-advertisement to commence with the project.		
Nyamazane Sportfield	320,903	-
Sportfield irrigation is outstanding on the facility. ]		
	<b>23,904,948</b>	<b>20,842,953</b>

Reconciliation of Work-in-Progress 2019

	Included within	Total
	Infrastructure	
Opening balance	44,034,745	44,034,745
Additions/capital expenditure	37,577,826	37,577,826
Transferred to completed items	(25,538,713)	(25,538,713)
	<b>56,073,858</b>	<b>56,073,858</b>

Reconciliation of Work-in-Progress 2019

	Included within	Total
	Infrastructure	
Opening balance	44,034,745	44,034,745
Additions/capital expenditure	37,577,826	37,577,826
Transferred to completed items	(25,538,713)	(25,538,713)
	<b>56,073,858</b>	<b>56,073,858</b>

Reconciliation of Work-in-Progress 2018

	Included within	Included within	Total
	Infrastructure	Community	
Opening balance	22,695,309	3,736,617	26,431,926
Additions/capital expenditure	35,301,906	28,141,103	63,443,009
Transferred to completed items	(13,962,470)	(31,877,220)	(45,840,190)
	<b>44,034,745</b>	<b>-</b>	<b>44,034,745</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

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#### 3. Property, plant and equipment (continued)

##### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted Services - Plumbing	19,900	95,014
Contracted services - G5 Material	341,355	192,000
Contracted services - G7 Material	353,800	85,769
Contracted - Hiring Excavator	375,500	310,500
Contracted Service - Hiring of Grader	323,390	227,500
TLB hire	492,824	-
Tipper truck	394,134	-
Potholes	189,900	-
Locksmith	-	31,655
Contracted Service - Building Renovations	405,040	128,190
Gate repair	54,650	-
Contracted Service - Paving	-	470
Service Septic Tanks	26,501	32,000
Road Markings	130,433	120,600
Tree Cutting	351,700	238,603
Computer Repair	-	66,856
Aircon Regas	77,560	58,960
Water pump	36,080	-
Electrical	20,777	4,200
Contracted Service - Motor Vehicle	3,012,532	2,239,779
Contracted Service - Grass Cutting	180,900	75,461
Painting	65,000	-
Bridge repair	-	113,515
Spares machinery	59,341	-
Glass and Window replacement	-	195,250
Parking shelters	-	26,800
Markets roof repair	-	27,100
Grader hire	325,900	-
Borehole repair	-	51,700
Library renovations	321,500	-
Main building renovations	219,558	-
Excavator hire	244,564	-
	<b>8,022,839</b>	<b>4,321,922</b>

##### Repairs and Maintenance

Employee related cost	576,759	464,869
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### 4. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,773,838	(948,655)	825,183	1,716,101	(637,326)	1,078,775

## Umhlbuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 4. Intangible assets (continued)

##### Reconciliation of intangible assets - June 2019

	Opening balance	Additions	Write off	Amortisation	Total
Computer software	1,078,775	69,031	(8,293)	(314,330)	825,183

##### Reconciliation of intangible assets - June 2018

	Opening balance	Additions	Write Off	Amortisation	Total
Computer software, other	1,090,577	145,730	(752)	(156,780)	1,078,775

#### 5. Operating lease liability

Current liabilities	(16,064)	-
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Operating lease payments have been recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments have been recognised as an operating lease liability.

#### 6. Employee benefit obligations

##### Post retirement benefit plan

##### Post retirement medical aid plan

##### Long Service Awards

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 30 June 2019 by Independent Actuarial One Pangaea Financial ('OPF'), Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 6. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

<b>Carrying value</b>		
Opening balance	(1,944,212)	(1,795,964)
Service cost	(312,918)	(311,973)
Interest cost	(180,451)	(166,547)
Expected benefit payment	114,125	24,659
Actuarial (gain)/loss	(49,695)	305,613
	<b>(2,373,151)</b>	<b>(1,944,212)</b>
<b>Non-current liabilities</b>	<b>(2,223,118)</b>	<b>(1,830,916)</b>
<b>Current liabilities</b>	<b>(150,033)</b>	<b>(113,296)</b>
	<b>(2,373,151)</b>	<b>(1,944,212)</b>

#### Assumptions used at the reporting date:

<b>Discount rates used</b>		
General Inflation Rate	9.17 %	9.50 %
Consumer Price Index (CPI)	5.29 %	6.02 %
Real Rate	6.29 %	7.02 %
Net discount rate	2.71 %	2.32 %
	-	-
	63	63

#### Members withdrawn from services: (Average for males and females)

Age 20	12.00 %	12.00 %
Age 25	6.60 %	6.60 %
Age 30	5.10 %	5.10 %
Age 35	3.60 %	3.60 %
Age 40	2.60 %	2.60 %
Age 45	1.80 %	1.80 %
Age 50	1.10 %	1.10 %
	-	-

#### Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(1,944,212)	(1,795,964)
Service cost	(312,918)	(311,973)
Interest cost	(180,451)	(166,547)
Expected benefit payment	114,125	24,659
Actuarial loss/(gain)	(49,695)	305,613
	<b>(2,373,151)</b>	<b>(1,944,212)</b>

#### Net expense recognised in the statement of financial performance

Current service cost	312,918	311,973
Interest cost	180,451	166,547
Actuarial loss/(gains)	49,695	(305,613)
Settlement	(114,125)	(12,744)
	<b>428,939</b>	<b>160,163</b>

#### Calculation of actuarial gains and losses



## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 6. Employee benefit obligations (continued)

##### Demographic and Decrement Assumption

The following withdrawal assumptions were applicable over the prior and current valuation periods:

20	12.00 %	12.00 %
25	6.60 %	6.60 %
30	5.10 %	5.10 %
35	3.60 %	3.60 %
40	2.60 %	2.60 %
45	1.80 %	1.80 %
50	1.10 %	1.10 %

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2018 the duration of liabilities was 9.52 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 29 June 2019 is 9.17% per annum, and the yield on inflation linked bonds of a similar term was about 3.21% per annum. This implies an underlying expectation of inflation of 5.29% per annum  $[(1 + 9.17\% - 0.5\%) / (1 + 3.21\%) - 1]$ .

We have assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 6.29% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 2.71% per annum  $[(1 + 9.17\%) / (1 + 6.29\%) - 1]$ .

##### Valuation assumptions

The key assumptions used in the valuation, with the prior year's assumption shown for comparison, are summarised below:

	30 June 2019	30 June 2018
Discount rate	9.17 %	9.50 %
CPI	5.29 %	6.02 %
Salary increase rate	6.29 %	7.02 %
Net Discount Rate	2.71 %	2.32 %

##### Valuation Method

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

#### 7. Inventories

Opening	126,206	-
Inventory purchased	2,972,298	2,371,990
Inventory consumed	(2,909,810)	(2,245,784)
	<b>188,694</b>	<b>126,206</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>8. Receivables from exchange transactions</b>		
<b>Gross balances</b>		
Creditors Overpayment	149,865	831,765
Debtor PMU	9,913	17,388
Debtors Refuse	514,868	142,439
Debtors - Rentals	203,781	171,788
Other Debtors	155,726	114,949
	<b>1,034,153</b>	<b>1,278,329</b>
<b>Less: Allowance for impairment</b>		
Refuse debtors	(339,297)	(94,451)
Rentals debtors	(94,809)	(18,553)
	<b>(434,106)</b>	<b>(113,004)</b>
<b>Net balance</b>		
Creditors Overpayment	149,865	831,765
Debtor PMU	9,913	17,388
Debtors - Refuse	175,571	47,988
Debtors - Rentals	108,972	153,235
Other debtors	155,726	114,949
	<b>600,047</b>	<b>1,165,325</b>
<b>Creditors Overpayment</b>		
> 365 days	149,865	831,765
<b>Debtors PMU</b>		
Current (0 -30 days)	9,913	17,388
<b>Debtors Refuse</b>		
Current (0 -30 days)	98,153	44,203
31 - 60 days	38,219	39,850
61 - 90 days	32,581	31,824
91 - 120 days	32,581	26,562
121 - 365 days	313,334	-
Less: Allowance for impairment	(339,297)	(18,553)
	<b>175,571</b>	<b>123,886</b>
<b>Rental</b>		
Current (0 -30 days)	60,325	23,369
31 - 60 days	23,710	22,145
61 - 90 days	21,544	20,848
91 - 120 days	15,593	105,426
121 - 365 days	82,610	-
Less: Allowance for impairment	(94,810)	(94,451)
	<b>108,972</b>	<b>77,337</b>
<b>Other</b>		
Current (0 -30 days)	155,726	114,949
<b>Reconciliation of allowance for impairment</b>		
Contributions to allowance	(434,106)	(113,004)

## Umhlbuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>9. Receivables from non-exchange transactions</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	51,172,222	43,215,081
Fines	6,475,291	5,278,941
	<b>57,647,513</b>	<b>48,494,022</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(38,106,073)	(32,862,210)
Fines	(4,413,898)	(3,719,606)
	<b>(42,519,971)</b>	<b>(36,581,816)</b>
<b>Net balance</b>		
Consumer debtors - Rates	13,066,149	10,352,871
Fines	2,061,393	1,559,335
	<b>15,127,542</b>	<b>11,912,206</b>
<b>Included in above is receivables from exchange transactions</b>		
Rate Debtors	51,172,222	43,215,081
Traffic Fines	6,475,291	5,278,941
Less: Allowance for impairment - Rate debtors	(38,106,072)	(32,862,210)
Less: Allowance for impairment - Traffic fines	(4,413,898)	(3,719,606)
	<b>15,127,543</b>	<b>11,912,206</b>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
<b>Rate Debtors</b>		
Opening balance	(32,862,210)	(29,081,731)
Allowance for impairment	(5,243,862)	(3,893,482)
Bad debt written off	-	113,003
	<b>(38,106,072)</b>	<b>(32,862,210)</b>
<b>Traffic fines</b>		
Opening balance	(3,719,606)	(3,183,305)
Allowance for impairment	(694,292)	(536,301)
	<b>(4,413,898)</b>	<b>(3,719,606)</b>

**The ageing of amounts past due but not impaired is as follows:**

1 month past due	895,579	880,004
2 months past due	810,799	886,539
3 months past due	789,426	810,499
	<b>2,495,804</b>	<b>2,577,042</b>

Receivables from non-exchange transactions past due but not impaired: Receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired.

At 30 June 2019, R2 495 804 - (2018:R2 577 042) were past due but not impaired.

## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 9. Receivables from non-exchange transactions (continued)

<b>Fines</b>		
Current (0 -30 days)	344,297	212,117
31 - 60 days	259,679	159,985
61 - 90 days	429,362	264,524
91 - 120 days	406,530	250,458
121 - 365 days	5,035,423	4,391,857
Less: Allowance for impairment	(4,413,898)	(3,719,606)
	<b>2,061,393</b>	<b>1,559,335</b>

#### Summary of debtors by customer classification

<b>Business</b>		
Current (0 -30 days)	517,666	611,981
31 - 60 days	430,016	498,619
61 - 90 days	347,741	423,579
91 - 120 days	335,271	414,131
121 - 365 days	19,244,849	15,342,929
	20,875,543	17,291,239
Less: Allowance for impairment	(19,482,421)	(15,546,054)
	<b>1,393,122</b>	<b>1,745,185</b>

<b>Government and ITB</b>		
Current (0 -30 days)	485,926	384,665
31 - 60 days	472,446	361,208
61 - 90 days	471,417	360,208
91 - 120 days	470,416	360,208
121 - 365 days	45,405,869	24,535,301
	47,306,074	26,001,590
Less: Allowance for impairment	(18,387,060)	(17,297,602)
	<b>28,919,014</b>	<b>8,703,988</b>

<b>Household and Agriculture</b>		
Current (0 -30 days)	50,308	27,519
31 - 60 days	26,154	26,712
61 - 90 days	26,154	26,712
91 - 120 days	26,154	21,080
121 - 365 days	1,055,088	-
	<u>1,183,858</u>	<u>102,023</u>
Less: Allowance for impairment	<u>(236,591)</u>	<u>(18,554)</u>
	<u><b>947,267</b></u>	<u><b>83,469</b></u>
<b>Total</b>		
Current (0 -30 days)	1,053,900	1,024,165
31 - 60 days	928,616	886,539
61 - 90 days	845,312	810,499
91 - 120 days	851,841	795,419
121 - 365 days	65,705,806	39,698,459
	<u>69,385,475</u>	<u>43,215,081</u>
Less: Allowance for impairment	<u>(38,106,072)</u>	<u>(32,862,210)</u>
	<u><b>31,279,403</b></u>	<u><b>10,352,871</b></u>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	21	719
Bank balances	36,528,403	22,304,156
Short-term deposits	6,118,671	5,798,641
Fixed deposit - Long term	6,940,955	6,479,688
Cash in Transit	64,063	45,243
	<b>49,652,113</b>	<b>34,628,447</b>

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2019	June 30, 2018	June 30, 2017
First National Bank - Current Account Hluhluwe - 62025236408	36,620,012	22,304,156	713,704	36,528,403	22,304,156	713,704
First National Bank - Call Account Hluhluwe - 62055161146	-	-	3,902	-	-	3,902
First National Bank - Call Account Hluhluwe - 62266899825	1,347,591	1,352,822	821,240	1,341,913	1,352,822	821,240
First National Bank - Call Account Hluhluwe - 74275256516	4,721,471	4,393,217	4,138,519	4,721,471	4,393,217	4,138,519
Standard Bank - Call Account Empangeni - 068824491	19,727	18,941	18,110	19,727	18,941	18,110
Nedbank - Call Account Richardsbay - 28702097	35,044	33,144	31,376	35,044	33,144	31,376
First National Bank - Call Account Hluhluwe - 62424086785	516	516	484,361	516	516	484,361
First National Bank - Fixed Deposit Account - 74622621601	6,940,955	6,479,688	11,999,747	6,940,955	6,479,688	11,999,747
First National Bank - Call Account Hluhluwe - 62217154351	-	-	2,365	-	-	2,365
<b>Total</b>	<b>49,685,316</b>	<b>34,582,484</b>	<b>18,213,324</b>	<b>49,588,029</b>	<b>34,582,484</b>	<b>18,213,324</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>11. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
COGTA - Small Town Rehabilitation	162,260	162,260
Arts and Culture	100,000	100,000
Manguzi Road Project	17,307	17,307
Urban Development	907,195	907,195
INEP Energy Electrification	163	-
Manzengwenya Project	7,500	7,500
M A P	251,168	251,168
Phelandaba Development Grant	178,600	178,600
Nhlanga Lake Restaurant	5,600	5,600
KwaTembe Concrete Project	86,111	86,111
Mbazwana and Munguzi Hubs	160,000	160,000
MIG	29,336	-
Environmental Grant	4	200,000
Cogta energy electrification	591,905	-
Wall to Wall Scheme	502,800	-
Border Development	1,389,280	1,250,000
COGTA Electrification	5,000,000	-
Sports Ground	33,500	-
	<b>9,422,729</b>	<b>3,325,741</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

## Umhlbuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 12. Provisions

##### Reconciliation of provisions - 2019

	Opening Balance	Interest cost	Additions	Total
Skhemelele landfill site	6,767,215	473,705	1,551,571	8,792,491
Mbazwana landfill site	3,808,077	357,618	615,150	4,780,845
Thandizwe landfill site	4,803,212	451,037	775,473	6,029,722
Performance bonus	-	-	524,574	524,574
	<b>15,378,504</b>	<b>1,282,360</b>	<b>3,466,768</b>	<b>20,127,632</b>

##### Reconciliation of provisions - 2018

	Opening Balance	Interest cost	Correction of error	Total
Skhemelele landfill site	6,324,500	272,210	170,505	6,767,215
Mbazwana landfill site	3,509,749	298,328	-	3,808,077
Thandizwe landfill site	4,426,924	376,288	-	4,803,212
	<b>14,261,173</b>	<b>946,826</b>	<b>170,505</b>	<b>15,378,504</b>

Non-current liabilities	12,362,138	11,058,664
Current liabilities	7,765,494	4,319,840
	<b>20,127,632</b>	<b>15,378,504</b>

##### Performance bonuses

A section 57 bonus provision is also provided for. The bonus is performance based, and is dependant on a performance assessment. The timing of both the leave and bonus is uncertain

##### Environmental rehabilitation provision

The municipality operates three Landfill sites, which are Thandizwe, Mbazwana and Skhemelele.

The Municipality estimated rehabilitation cost are R20 127 632 (2018: R15 378 504) to restore the landfill site at the end of its useful life, estimated to be 17 years from the date of revaluation. The amount of rehabilitation is dependent on future costs technology, inflation and site consumption. The discount rate of the provision was 8.085% (2018: 8.5%).

The financial implication of rehabilitating the landfill site was determined by the independent practitioner engineer Mpume Naleli Technologies.

The date on which Qhubeka Business Solution valued landfill sites was 30 June 2019. The landfill sites are revalued every four years.

During the financial period there was a change in rehabilitation cost for Mbazwana and Thandizwe Landfill Site, that resulted in an increase in the underlying assets and provision of R615 150 and R775 473 respectively.

Skhemelele Landfill Site will be decommissioned, that resulted in impairment of the site as there are no future economic benefits to be derived from the facility. The impairment cost of the site amounted to R804 072.



## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>13. Payables from exchange transactions</b>		
Trade payables	1,915,206	2,254,462
Accrued leave pay	4,181,003	3,365,172
Accrued bonus	1,306,096	1,179,527
Retention Creditors	4,415,800	5,449,442
Other creditors	77,664	208,595
Debtors with credit balance	82,236	-
Jozini	997,326	-
	<b>12,975,331</b>	<b>12,457,198</b>
<b>Ageing trade and other payables</b>		
Current (0 -30 days)	1,915,206	2,254,462
<b>14. VAT payable</b>		
VAT payables	3,809,162	4,699,055
<b>15. Revenue</b>		
Service charges	583,201	283,330
Licences and permits	3,567,590	3,882,020
Commissions received	80,323	62,386
Rental income	367,907	303,161
Other income	559,995	237,810
Interest received - investment	4,802,233	3,273,313
Property rates	19,963,019	19,829,577
Indirect taxes (VAT, customs duty)	1,549,899	1,268,136
Government grants & subsidies	194,914,176	178,138,762
Public contributions and donations	812,637	107,497
Fines, Penalties and Forfeits	1,567,950	1,606,000
	<b>228,768,930</b>	<b>208,991,992</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	583,201	283,330
Licences and permits	3,567,590	3,882,020
Commissions received	80,323	62,386
Rental income	367,907	303,161
Other income	559,995	237,810
Interest received - investment	4,802,233	3,273,313
	<b>9,961,249</b>	<b>8,042,020</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	19,963,019	19,829,577
Interest rate - Debtors	1,549,899	1,268,136
Impairment gain	6,224,349	-
<b>Transfer revenue</b>		
Government grants & subsidies	194,914,176	178,138,762
Public contributions and donations	812,637	107,497
Fines, Penalties and Forfeits	1,567,950	1,606,000
	<b>225,032,030</b>	<b>200,949,972</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>16. Refuse removal</b>		
Refuse removal	583,201	283,330
<b>17. Commission received</b>		
<b>Premises</b>		
Motor licensing	80,323	62,386
<b>18. Rental Income</b>		
Rental income	367,907	303,161
<b>19. Other income</b>		
Business Licensing	998	3,600
Sundry Income	137,046	89,269
Library Income	35,926	24,079
Tender Documents	107,131	90,213
Property clearance revenue	1,950	750
Building plans revenue	15,391	29,899
Insurance refund	252,153	-
Fire Services	9,400	-
	<b>559,995</b>	<b>237,810</b>
<b>20. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	4,802,233	3,273,313

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 21. Property rates

##### Rates

Residential	334,700	330,000
Commercial	11,173,817	11,008,667
State	12,587,001	12,927,001
Property trust	1,457,500	1,431,000
Less: Income forgone	(5,589,999)	(5,867,091)
	<b>19,963,019</b>	<b>19,829,577</b>

##### Valuations

Residential / Hospitality	93,500,000	68,500,000
Commercial	547,075,000	571,225,000
State	687,340,000	656,340,000
State trust Land	-	572,400,000
Municipality	300,000	32,400,000
Protected Area and Trust Land	736,900,000	164,500,000
Place of Worship	4,300,000	4,300,000
	<b>2,069,415,000</b>	<b>2,069,665,000</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2014, annual valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R 0,0025 (2018: 0,0025 ) is applied to property valuations of ITB to determine the assessment rate. The billing remained constant from previous year.

Business Properties are billed at R0.01 (2018: R0,01) per rand for a period. Hospitality will be included in this category.

The new general valuation will be implemented on 01 July 2019.

Protected Area and Public Benefit Organisations are valued but exempt from billing.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>22. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	145,676,000	133,848,000
Financial Management Grant	1,900,000	1,900,000
EPWP Grant	3,047,000	4,165,000
Small Town Rehabilitation	-	87,762
Library Grant	1,873,000	1,657,000
Youth Enterprise Programme Grant	1,000,000	-
Skhemelele Nodal	497,200	-
Wall to Wall Scheme	-	1,000,000
Town Planning Grant	5,408,095	-
Environmental Grant	199,997	-
Sports Grounds	16,500	-
Border Development	1,060,720	-
	<b>160,678,512</b>	<b>142,657,762</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	34,235,664	35,481,000
	<b>194,914,176</b>	<b>178,138,762</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	49,238,176	44,290,762
Unconditional grants received	145,676,000	133,848,000
	<b>194,914,176</b>	<b>178,138,762</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>COGTA -Small Town Rehabilitation</b>		
Balance unspent at beginning of year	162,260	162,260
Conditions still to be met - remain liabilities (see note 11).		
<b>Spatial Development</b>		
Balance unspent at beginning of year	100,000	100,000
Conditions still to be met - remain liabilities (see note 11).		
<b>Project Consolidate Manguzi</b>		
Balance unspent at beginning of year	17,307	17,307
Conditions still to be met - remain liabilities (see note 11).		
<b>Library Grant</b>		
Current-year receipts	1,873,000	1,675,000
Conditions met - transferred to revenue	(1,873,000)	(1,675,000)

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>22. Government grants and subsidies (continued)</b>		
	-	-
<b>Urban Development Grant</b>		
Balance unspent at beginning of year	907,195	907,195
Conditions still to be met - remain liabilities (see note 11).		
<b>Manzengwenya Project</b>		
Balance unspent at beginning of year	7,500	7,500
Conditions still to be met - remain liabilities (see note 11).		
<b>Municipal Assistance Program (MAP)</b>		
Balance unspent at beginning of year	251,168	251,168
Conditions still to be met - remain liabilities (see note 11).		
<b>Phelandaba Development Grant</b>		
Balance unspent at beginning of year	178,600	178,600
Conditions still to be met - remain liabilities (see note 11).		
<b>Nhlanga Lake Restaurant</b>		
Balance unspent at beginning of year	5,600	5,600
Conditions still to be met - remain liabilities (see note 11).		
<b>Kwa Tembe Concrete Project</b>		
Balance unspent at beginning of year	86,111	86,111
Conditions still to be met - remain liabilities (see note 11).		

**Mbazwana and Manguzi Hubs**

Balance unspent at beginning of year	160,000	160,000
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Conditions still to be met - remain liabilities (see note 11).

**MIG**

Balance unspent at beginning of year	-	-
Current-year receipts	34,265,000	35,481,000
Conditions met - transferred to revenue	(34,235,664)	(35,481,000)
	<u>29,336</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 11).

**FMG**

Balance unspent at beginning of year	-	-
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## Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>22. Government grants and subsidies (continued)</b>		
Current-year receipts	1,900,000	1,900,000
Conditions met - transferred to revenue	(1,900,000)	(1,900,000)
	-	-
<b>EPWP</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	3,047,000	4,165,000
Conditions met - transferred to revenue	(3,047,000)	(4,165,000)
	-	-
<b>Tourism and Environmental Affairs Grant</b>		
Balance unspent at beginning of year	200,000	200,000
Conditions met - transferred to revenue	(199,996)	-
	4	200,000
<b>Cogta electrification grant</b>		
Current-year receipts	5,000,000	-
Conditions still to be met - remain liabilities (see note 11).		
<b>Wall to Wall Scheme</b>		
Balance unspent at beginning of year	-	1,000,000
Current-year receipts	-	(1,000,000)
	-	-
<b>Small Town</b>		
Balance unspent at beginning of year	-	87,762
Conditions met - transferred to revenue	-	(87,762)
	-	-
<b>Border Development</b>		
Balance unspent at beginning of year	1,250,000	-
Current-year receipts	1,200,000	1,250,000
Conditions met - transferred to revenue	(1,060,720)	-
	1,389,280	1,250,000
Conditions still to be met - remain liabilities (see note 11).		
<b>Youth Enterprise</b>		
Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(1,000,000)	-
	-	-
<b>Skhemelele Nodal</b>		
Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(497,200)	-

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 22. Government grants and subsidies (continued)

	502,800	-
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Conditions still to be met - remain liabilities (see note 11).

#### Town Planning

Current-year receipts	6,000,000	-
Conditions met - transferred to revenue	(5,408,095)	-
	591,905	-

Conditions still to be met - remain liabilities (see note 11).

#### Sports Ground

Current-year receipts	50,000	-
Conditions met - transferred to revenue	(16,500)	-
	33,500	-

Conditions still to be met - remain liabilities (see note 11).

#### INEP Electrification grant

Current-year receipts	22,000,000	27,916,223
Current year expenditure	(21,999,837)	(27,916,223)
	163	-

#### Projects undertaken by municipality

Mkhindini Electrification	-	7,845,856
Manaba Electrification	-	6,324,759
Mahlungulu Electrification	-	7,916,820
Ward 4 Electrification	2,338,700	5,828,788
Mahlungulu Phase 2 Electrification	2,342,640	-
Mahlungulu Phase 3 Electrification	2,337,555	-
Kwahlomula Electrification	8,665,039	-
Manana Electrification	1,686,991	-
Mkhindini Phase 2 Electrification	3,053,046	-
Mboza Phase 2 Electrification	1,575,866	-
	21,999,837	27,916,223

#### Projects completed and transferred

Mkhindini Electrification	7,845,856	-
Manaba Electrification	-	6,324,759
Mahlungulu Electrification	7,916,820	-
	15,762,676	6,324,759

Municipality act as an agent for Eskom to electrify previously disadvantaged communities. When the projects are completed they are transferred to Eskom for management.

Mkhindini, Manaba and Mahlunulu Electrification were projects started in 2017/2018 financial period and completed in 2018/2019 financial period. Mahlunulu Electrification had two phases, only one phase has been completed, the second phase in progress.

### 23. Public contributions and donations

Public contributions and donations	812,637	107,497
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## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>24. Employee related costs</b>		
Basic	47,657,488	42,375,835
Cellphone Allowance	739,166	534,788
Performance Bonus	1,320,440	582,534
Medical aid - company contributions	1,962,783	1,710,289
UIF	355,318	307,722
Leave pay provision charge	816,602	670,971
Overtime payments	1,534,501	1,498,268
Long-service awards	393,268	478,520
13th Cheques	2,489,539	2,303,283
Acting allowances	510,291	368,950
Car allowance	2,832,000	2,680,980
Standby Allowance	529,005	405,981
GroupLife Insurance	471,783	440,450
SALGBC - Levies	16,091	14,570
Rural Allowance	508,430	517,553
Pension	4,423,247	3,411,206
	<b>66,559,952</b>	<b>58,301,900</b>
<b>Remuneration of Municipal Manager (NP Gamede)</b>		
Annual Remuneration	1,176,952	1,052,021
Car Allowance	180,000	162,486
Performance Bonuses	140,147	-
Backpay	-	46,011
Contributions to UIF, Medical and Pension Funds	30,342	15,357
Cellphone allowance	32,400	27,081
Rural Allowance	119,536	119,617
	<b>1,679,377</b>	<b>1,422,573</b>

**Remuneration of Municipal Manager (NP Gamede)**

Annual Remuneration	1,176,952	1,052,021
Car Allowance	180,000	162,486
Performance Bonuses	140,147	-
Backpay	-	46,011
Contributions to UIF, Medical and Pension Funds	30,342	15,357
Cellphone allowance	32,400	27,081
Rural Allowance	119,536	119,617
	<b>1,679,377</b>	<b>1,422,573</b>

**Remuneration of Chief Finance Officer**

Annual Remuneration	997,316	951,984
Car Allowance	162,000	162,000
Performance Bonuses	116,398	116,398
Contributions to UIF, Medical and Pension Funds	28,290	28,789
Backpay	-	45,333
Cellphone allowance	27,600	25,200
Rural Allowance	108,798	108,798
	<b>1,440,402</b>	<b>1,438,502</b>

**Remuneration of Director - Community Services**

Annual Remuneration	-	891,933
Car Allowance	-	152,246
Performance Bonuses	-	116,398
Contributions to UIF, Medical and Pension Funds	-	27,465
Cellphone allowance	-	23,683
Backpay	-	45,333
Leave	-	53,805
Other	-	102,247
	-	<b>1,413,110</b>

**Remuneration Former Municipal Manager (SE Bukhosini) resigned 30 July 2017**

Annual Remuneration	-	92,021
Car Allowance	-	15,000

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>24. Employee related costs (continued)</b>		
Performance Bonuses	130,209	-
Contributions to UIF, Medical and Pension Funds	-	4,428
Cellphone allowance	-	2,500
Rural Allowance	-	11,043
Leavepay	-	182,979
	<b>130,209</b>	<b>307,971</b>
<b>Remuneration Corporate and Human Resources (Corporate Services)</b>		
Annual Remuneration	997,316	951,984
Car Allowance	162,000	162,000
Performance Bonuses	116,398	116,398
Contributions to UIF, Medical and Pension Funds	28,355	28,762
Backpay	-	45,333
Cellphone allowance	27,600	25,200
Rural Allowance	108,798	108,798
	<b>1,440,467</b>	<b>1,438,475</b>
<b>Remuneration Community director S.Shange (Acting)</b>		
Annual Remuneration	227,354	-
Rural allowance	45,333	-
	<b>272,687</b>	<b>-</b>
<b>Remuneration of Director Technical Services</b>		
Annual Remuneration	864,397	825,107
Car Allowance	162,000	162,000
Performance Bonuses	103,131	103,131
Contributions to UIF, Medical and Pension Funds	180,439	173,488
Backpay	-	39,291
Cellphone allowance	27,600	25,200
Rural Allowance	94,298	94,298
	<b>1,431,865</b>	<b>1,422,515</b>
<b>Remuneration of Director Technical Services</b>		
Annual Remuneration	864,397	825,107
Car Allowance	162,000	162,000
Performance Bonuses	103,131	103,131
Contributions to UIF, Medical and Pension Funds	180,439	173,488
Backpay	-	39,291
Cellphone allowance	27,600	25,200
Rural Allowance	94,298	94,298
	<b>1,431,865</b>	<b>1,422,515</b>
<b>25. Remuneration of Councillors</b>		
Mayor	872,239	840,312
Deputy Mayor	706,600	681,131
Exco Members	1,382,704	1,301,318
Speaker	706,600	681,131
Councillors	3,490,181	5,438,105
Travel Allowance	3,902,675	2,134,475
Cell phone Allowance	1,411,000	1,084,800
	<b>12,471,999</b>	<b>12,161,272</b>

## Umhlaluyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

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#### 25. Remuneration of Councillors (continued)

##### In-kind benefits

The Mayor, Deputy Mayor, Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

<b>Mayor Cllr N.S Mthethwa</b>		
Annual Remuneration	604,894	580,353
Car Allowance	201,631	193,451
Backpay	21,224	32,608
Cellphone Allowance	40,800	30,300
Mobile data	3,600	3,600
SDL	8,308	8,005
	<b>880,457</b>	<b>848,317</b>

<b>Deputy Mayor Cllr F.G Mlambo</b>		
Annual Remuneration	483,916	464,283
Car Allowance	161,305	154,761
Re-imbursive allowance	-	163,032
Backpay	16,979	23,765
Cellphone Allowance	40,800	30,300
Mobile data	3,600	3,600
SDL	6,613	6,567
	<b>713,213</b>	<b>846,308</b>

<b>Speaker Cllr B.T Tembe</b>		
Annual Remuneration	483,916	464,283
Car Allowance	161,305	154,761
Cellphone Allowance	40,800	30,300
Data Allowance	3,600	3,600
Backpay	16,979	28,187
SDL	6,550	5,925
	<b>713,150</b>	<b>687,056</b>

<b>Exco Members Cllr B.N Ntsele</b>		
Annual Remuneration	253,094	241,517
Car Allowance	84,365	80,506
Performance Bonuses	8,881	21,496
Contributions to UIF, Medical and Pension Funds	4,071	3,671
Data Allowance	3,600	3,600
Cellphone allowance	40,800	30,300
	<b>394,811</b>	<b>381,090</b>

<b>Exco Member Cllr S.N Tembe</b>		
Annual Remuneration	253,094	241,517
Car Allowance	84,365	80,506
Cellphone Allowance	40,800	30,300
Data Allowance	3,600	3,600
Backpay	8,881	21,496
Contributions to UIF, Medical and Pension Funds	3,911	3,677
	<b>394,651</b>	<b>381,096</b>

## Umhlabuyalingana Local Municipality

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Figures in Rand	2019	2018
<b>25. Remuneration of Councillors (continued)</b>		
<b>Exco Member Cllr M.D Mathenjwa</b>		
Annual Remuneration	253,094	241,517
Car Allowance	84,365	80,506
Cellphone Allowance	40,800	30,300
Data Allowance	3,600	3,600
Backpay	8,881	21,496
Contributions to UIF, Medical and Pension Funds	3,937	3,653
	<b>394,677</b>	<b>381,072</b>
<b>Exco Member Cllr Z.M Mhlongo</b>		
Annual Remuneration	253,094	241,517
Car Allowance	84,365	80,506
Cellphone Allowance	40,800	30,300
Data Allowance	3,600	3,600
Backpay	8,881	21,496
Contributions to UIF, Medical and Pension Funds	3,890	3,642
	<b>394,630</b>	<b>381,061</b>
<b>Exco Member Cllr M.Z Mhlongo</b>		
Annual Remuneration	253,094	241,517
Car Allowance	84,365	80,506
Cellphone Allowance	40,800	30,300
Data Allowance	3,600	3,600
Backpay	8,881	21,496
Contributions to UIF, Medical and Pension Funds	4,121	3,669
	<b>394,861</b>	<b>381,088</b>
<b>26. Depreciation and amortisation</b>		
Property, plant and equipment	22,435,740	21,407,813
Intangible assets	314,331	156,780
	<b>22,750,071</b>	<b>21,564,593</b>

## 27. Impairment of assets

<b>Impairments</b>		
Impairment Fixed Assets	4,158,190	2,909,386
Certain Property, Plant and Equipment were considered for Impairment in the current period due to lack of maintenance in some areas of Sportfields. Impairment reversal was also considered on Access Roads as they were maintained and the useful life increased. The recoverable amount of the asset was based on its fair value less costs to sell.		

Skemelele Landfill Site impaired during the financial period as it had no future economic benefit as the site will be decommissioned.

The main classes of assets affected by impairment losses are:

### Sportfields

There's lack of maintenance on the local sportfields. It has been visible through verification that soccer fields are not maintained and possibly vandalism on the facilities. Impairment was recommended until facilities are maintained.

Skemelele Landfill Site will be closed and will be decommissioned. This was as a results of directive issued by department of environmental affairs.

## Umhlbuyalingana Local Municipality

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<b>28. Finance costs</b>		
Interest overdue accounts	3,384	8,069
Other interest	1,282,357	1,117,332
	<b>1,285,741</b>	<b>1,125,401</b>
<b>29. Debt impairment</b>		
Contributions to debt impairment provision	6,259,525	4,429,784
Bad debts written off	186,488	3,585,887
	<b>6,446,013</b>	<b>8,015,671</b>

**30. Asset Write Off**

Property Plant and Equipment write off	671,628	112,712
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**31. Contracted services****Outsourced Services**

Administrative and Support Staff	371,266	448,702
Burial Services	195,501	101,570
Catering Services	8,014,307	5,288,303
Clearing and Grass Cutting Services	244,800	42,500
Fire Services	-	35,280
Internal Auditors	2,057,770	2,798,974
Professional Staff	322,163	870,015
Refuse Removal	197,116	-
Researcher	432,362	111,343
Security Services	7,765,848	6,630,630
Drivers Licence Cards	783,781	472,563

**Consultants and Professional Services**

Business and Advisory	4,849,530	6,969,672
Infrastructure and Planning	2,554,467	1,851,709
Legal Cost	922,358	1,833,730

**Contractors**

Aerial Surveillance	213,816	-
Artists and Performers	822,482	873,802
Audio-visual Services	-	19,760
Catering Services	526,659	35,900
Event Promoters	-	391,550
First Aid	60,918	-
Fire Services	30,913	-
Maintenance of Buildings and Facilities	928,164	599,575
Maintenance of Equipment	3,261,999	2,481,464
Maintenance of Roads	3,995,525	-
Management of Informal Settlements	-	1,240,883
Medical Services	83,182	79,700
Pest Control and Fumigation	198,400	352,355
Photographer	60,000	17,800
Tracing Agents and Debt Collectors	5,250	-
Sports and Recreation	346,398	-
Stage and Sound Crew	650,900	386,206
	<b>39,895,875</b>	<b>33,933,986</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>32. Operational cost</b>		
<b>Operational cost consist of:</b>		
Accommodation	3,941,590	3,447,442
Audit fees	1,729,591	1,705,387
Membership fee	-	515,240
SDL	696,174	619,262
Software licence	1,511,959	1,069,305
Tracker	43,428	88,252
Wet Fuel	2,296,627	1,966,749
Advertising	1,057,643	557,936
Postage	1,871	11,859
Eskom connections	72,500	-
Computer expense	511,925	1,106,557
Insurance	580,422	461,682
Vehicle licence	101,773	100,435
Honoraria Voluntary Programme	30,000	215,320
Drivers license	59,171	-
Printing and publication	572,128	477,003
Voluntarily workers	16,500	13,500
Seating allowance	-	1,408,131
Car Rental	859,020	364,955
Reimbursive travel	3,351,424	954,589
Training's & Workshops	1,119,872	540,988
Connection fee	54,550	-
Transportation	159,500	481,283
Gifts and Promotional	6,470,653	2,620,711
Hire Charges	12,968,044	6,337,792
Bank charges	125,705	128,385
Toll gates	27,595	25,089
Events	1,272,871	2,148,603
Telephone	25,571	-
Water and electricity	980,479	776,750
Uniforms	661,110	1,099,273
Ward Committees	2,511,793	2,096,000
Travel air	92,466	122,422
Administration	176,852	-
Landfill site cost	1,551,571	-
Electric meters	285,056	-
	<b>45,917,434</b>	<b>31,460,900</b>
<b>33. Transfers and subsidies</b>		
School support	121,800	412,277
Town improvement	402,520	529,619
Fire fighting	719,630	-
Bursaries	-	214,159
Social Relief	1,628,551	1,850,613
	<b>2,872,501</b>	<b>3,006,668</b>



## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
<b>34. Cash generated from operations</b>		
Surplus	19,575,593	32,894,939
<b>Adjustments for:</b>		
Depreciation and amortisation	22,750,071	21,564,593
(Profit)/Loss on sale of property, plant and equipment	1,067,852	(156,313)
Donated assets	(812,361)	-
Assets write off	673,572	112,712
Impairment deficit	4,158,190	2,909,386
Debt impairment	6,446,013	-
Operating lease liability	16,064	-
Employee benefit provision	428,939	(215,585)
Movements in provisions	4,749,128	1,117,334
Other transaction	(527,282)	-
<b>Changes in working capital:</b>		
Inventories	(62,488)	(126,206)
Receivables from non-exchange transactions	(9,153,491)	(841,515)
Receivables from exchange transactions	244,176	587,872
Payables from exchange transactions	518,137	(6,828,294)
VAT	(889,893)	6,396,982
Unspent conditional grants and receipts	6,096,988	(2,753,985)
	<b>55,279,208</b>	<b>54,661,920</b>
<b>35. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Commitments</b>		
• Kwambila Multipurpose Centre	-	4,390,913
• Posini to Library Road	117,005	-
• Manguzi Multipurpose Centre	-	6,286,071
• Manguzi Stormwater and walkway	727	-
• Skhemelele community market	591,177	-
• Ngutshane Sportfield	-	659,941
• Manzibomvu Community Hall	-	1,399,774
	<b>708,909</b>	<b>12,736,699</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	708,909	12,736,699

#### Authorised capital expenditure

##### Commitments

• Kwambila Multipurpose Centre	-	4,390,913
• Posini to Library Road	117,005	-
• Manguzi Multipurpose Centre	-	6,286,071
• Manguzi Stormwater and walkway	727	-
• Skhemelele community market	591,177	-
• Ngutshane Sportfield	-	659,941
• Manzibomvu Community Hall	-	1,399,774
	<b>708,909</b>	<b>12,736,699</b>

##### Total capital commitments

Already contracted for but not provided for	708,909	12,736,699
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#### Authorised operational expenditure

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, existing cash resources, funds internally generated or grants.

The amount disclosed for commitments is vat exclusive.

##### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	1,539,022	-
- in second to fifth year inclusive	542,217	-
	<b>2,081,239</b>	<b>-</b>

Operating lease payments comprises rentals payable by the municipality in respect of office equipment. Leases are negotiated for an average period of two (2) years and rentals vary in terms of a contract of the lease. Certain leases are subject to escalation at a rate of 5% over the lease period. No restrictions are imposed by lease arrangements.

## Umhlabuyalingana Local Municipality

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### 36. Contingencies

#### 36.1. NATAL JOINT PENSION VS UMHLABUYALINGANA MUNICIPALITY

Natal Joint Municipal Pension Fund (NJMPF) has a claim in terms of Regulation 1 (xii)(h) of the Regulations to the Natal Joint Municipal Pension Fund (Superannuation). NJMPF have been granted Default Judgment. A warrant of execution has been issued, they have attached municipal movable property. Financial exposure including disbursement amounts to R300 000.

The municipality is defending the case using municipal lawyers and the matter have been referred to high court.

#### 36.2 MAPUTALAND CORAL DIVERS VS UMHLABUYALINGANA MUNICIPALITY

The matter is regarding non-payment of municipal rates by the tenant. The municipality is withholding the issuance of business license

Expected outcome, To have tenant comply with the Municipal Rates Act and pay the rates accordingly. Contingent financial exposure R300 000.

### 36.3 Department of Labour

This is the potential liability for assessment to be done by Department of Labour on returns due in terms of Compensation for Occupational Injuries and Disease Act (COIDA)

The Department of Labour is claiming R 99 206 560.83 from the Municipality in respect of outstanding returns in terms of Compensation of Occupational Injuries and Diseases Act (COIDA). The Municipality has applied for the reassessment of the amount but the Commissioner for Compensation of Occupational Injuries and Diseases declined to accept the bid for reassessment.

Negotiations are ongoing with Commissioner and the and Labour Court for re-assessment.

Legal Cost will amount to R800 000.

### 36.4 Masinga and 23 Others vs Mhlabayalingana Municipality

This matter concerns an arbitration referred by the above employees. The employees contend that their contracts of employment were pre-maturely terminated. There is no merit for this contention. The arbitration proceedings have been convened on several occasions and the matter is still incomplete.

The legal costs up to 30 June 2019 amount to R 78 993.50. The future legal costs are estimated at R 100 000.00 given the fact that we still remain with several sittings given the large number of witnesses

### 36.5 Gumede and 14 Others vs Mhlabayalingana Municipality

This matter was settled at the arbitration hearing and there was no financial settlement.

The legal costs amounted to R 43 906.00. There are no future costs as the matter was finalized.

### 36.5 Ngubane and 66 Others vs Mhlabayalingana Municipality

This matter was an urgent application brought by the Municipality to interdict the unprotected strike by the temporary employees who fell under the Expanded Public Works Program (EPWP). The matter is still pending in the Labour Court.

Legal costs to date amount to R 109 228.65. The estimated future legal costs will be about R 60 000.00.

### 37. Related parties

Management remuneration  
Council remuneration

Refer to note 24  
Refer to note 25

## Umhlbuyalingana Local Municipality

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#### 38. Change in estimate

##### Property, plant and equipment

The estimated cost of Mbazwana and Thandizwe Landfill Sites was revised in the financial year under review. The effect of this revision has resulted in an increase in the underlying assets with the corresponding increase in Landfill Site Provision. Increased the depreciation charges for the current period was R126 420 and Asset increased by R1 390 623.

The discount rate was estimated to be 8.085%(2019) a change from 8.5%(2018)

##### Provision Landfill Site

As a results of change in estimate the provision for Landfill site for Mbazwana and Skhemele has increased to R15 378 504 (2018) to R 12,085,972 (2018)

The impact of change in estimate is prospective

#### 39. Prior period errors

Skhemelele dump site is earmarked for closure and Waste Management Licence for Closure, Decommissioning and Rehabilitation was received from Environmental Affairs in 2016, and the licence is valid for five years. The Municipality also conducted an independent study to determine the cost for decommissioning and closure of the Landfill site. Qhubeka Business Solution gave municipality an estimate.

Estimate was made in 2016 and the interest is accounted for the previous periods.

There was a payment for Long Service award made in 2018, not affected on the report. The report was subsequently amended and journal was processed

##### Statement of financial performance previously reported

Finance cost	-	(954,896)
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	As previously reported	Correction of an error	Restated
Finance cost	(954,896)	(170,505)	(1,125,401)

##### Statement of financial performance current

Finance cost	-	(1,125,401)
Landfill site cost	-	(1,530,549)
	-	(2,655,950)

##### Statement of financial position previously reported

Employee benefit obligation	-	1,956,127
Provision	-	12,085,972

	As previously reported	Correction of an error 2018	Correction of error 2017	Restated
Employee benefit obligation	1,956,127	(11,915)	-	1,944,212
Provision	12,085,972	170,505	3,122,027	15,378,504
Accumulated surplus	-	(158,590)	(3,122,027)	(3,280,617)
	14,042,099	-	-	14,042,099

##### Statement of financial position current

Employee benefit obligation	-	1,944,212
Provisions	-	15,378,504
	-	17,322,716

## Umhlabuyalingana Local Municipality

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#### 40. Comparatives reclassification

Certain comparative figures have been reclassified. Split between short term and long term portion of employee benefit obligation. This is to show the split into the years in which the payments are expected.

The effects of the reclassification are as follows:

#### Statement of financial position

2018

	Note	As previously reported	Re-classification	Restated
Employee benefit obligation - Non-current liability		1,956,127	(113,296)	1,842,831
Employee benefit obligation - Current liability		-	113,296	113,296
		<b>1,956,127</b>	<b>-</b>	<b>1,956,127</b>

#### Statement of financial performance

	Note	As previously reported	Re-classification	Restated
Reimbursive travel		1,583,383	(628,794)	954,589
Transportation		-	481,283	481,283
Travel air		-	126,788	126,788
Toll gates		-	25,089	25,089
Car rental		364,955	(4,366)	360,589
Computer expenses		2,175,862	(1,069,305)	1,106,557
Software licenses		-	1,069,305	1,069,305
Voluntary workers		228,820	(215,320)	13,500
Honoraria		-	215,320	215,320
Gifts and promotions		4,769,313	(2,148,603)	2,620,710
Events		-	2,148,603	2,148,603
		<b>9,122,333</b>	<b>-</b>	<b>9,122,333</b>

#### 41. Risk management

##### Financial risk management

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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#### 41. Risk management (continued)

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

	30 June 2019	30 June 2018
Financial instrument		
Receivables from exchange transactions	600,047	1,165,325
Receivables from non-exchange transactions	15,314,032	11,912,206
Cash and cash equivalents	49,652,113	34,628,447

Refer to note 8 for ageing of receivables as well as note 9 for further disclosure of cash and cash equivalents.

##### Market risk

##### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

#### 42. Going concern

We draw attention to the fact that at June 30, 2019, the municipality had an accumulated surplus of R 318,890,828 and that the municipality's total assets exceed its liabilities by R 318,890,828.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

#### 43. Unauthorised expenditure

Opening balance as previously reported	6,313,535	6,313,535
Opening balance as restated	6,313,535	6,313,535
Less: Amount written off - prior period	(6,313,535)	-
Closing balance	-	6,313,535

Council approved that unauthorised expenditure be written off

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

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#### 44. Fruitless and wasteful expenditure

Opening balance as previously reported	13,081	8,611
<b>Opening balance as restated</b>	<b>13,081</b>	<b>8,611</b>
Add: Expenditure - prior period	-	8,270
Add: Fruitless and wasteful expenditure current year	3,384	-
Less: Amount written off - current	(13,081)	-
Less: Amount written off - prior period	-	(3,800)
<b>Closing balance</b>	<b>3,384</b>	<b>13,081</b>

Council approved fruitless and wasteful expenditure to be written off

#### 45. Irregular expenditure

Opening balance	12,503,193	7,590,530
Add: Irregular Expenditure - current year	1,781,250	4,912,663
<b>Opening balance as restated</b>	<b>14,284,443</b>	<b>12,503,193</b>
Less: Written off	(12,503,193)	-
<b>Closing balance</b>	<b>1,781,250</b>	<b>12,503,193</b>

#### 46. Additional disclosure in terms of Municipal Finance Management Act

##### Contributions to organised local government

Current year subscription / fee	713,680	-
Amount paid - current year	(713,680)	-
	-	-

##### Audit fees

Current year subscription / fee	2,057,770	2,798,974
Amount paid - current year	(2,057,770)	(2,798,974)
	-	-

**PAYE and UIF**

Current year subscription / fee	12,181,316	11,144,176
Amount paid - current year	(12,181,316)	(11,144,176)
	-	-

**Pension and Medical Aid Deductions**

Current year subscription / fee	3,913,423	3,057,550
Amount paid - current year	(3,913,423)	(3,057,550)
	-	-

**VAT**

VAT payable	3,809,162	4,699,055
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VAT output payables and VAT input receivables are shown in note 15 .

All VAT returns have been submitted by the due date throughout the year.

**Umlabuyalingana Local Municipality**

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**46. Additional disclosure in terms of Municipal Finance Management Act (continued)****Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding as at June 30, 2019:

June 30, 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Busisiwe Tembe	9,500	-	9,500
Simon Nxumalo	20,146	26,972	47,118
	<b>29,646</b>	<b>26,972</b>	<b>56,618</b>



## Umhlabuyalingana Local Municipality

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### 47. Actual operating expenditure versus budgeted operating expenditure

#### 47.1 Services Charges

There is a variance of 13% below budget that was estimated to be collected for service charges, this variance has occur as a result of fee properties that are not paying for this service however management will follow the credit control policy and strategies to recover these amounts. Certain properties in the bill system were billed but refuse was not collected from them.

#### 47.2 Licences and permits

The variance is 25% above the budgeted amount that was collected or earned by the municipality, the increase emanated from the fact that our service is faster and people prefer to come to Umhlabuyalingana for this service because they will be assisted faster.

#### 47.3 Commission received

The municipality have achieved more than 100% from the commission received, this has occur because the municipality introduce the new revenue stream from motor licensing from the department of transport where the municipality is getting commission for providing this service on behalf of the department concern.

#### 47.4 Rental Income

The variance is 10% below the estimated budget as a result that certain market stall were closed for few months where renovation were performed, hence the municipality has collected less.

#### 47.5 Traffic fines

There is a variance of 14% below the budget for traffic fines due to that other fines are being reduced and written off by the Magistrate in court when offenders appear in court

#### 47.6 Interest on outstanding debtors

The variance is 0.8% below the estimated budget, which is almost the correct to what was initially planned.

#### 47.7 Interest received from investments

The variance is 272% above the budget amount the was budgeted for interest on investments, the municipality invested more amount to generate more interest in the current financial year.

#### 47.8 Impairment gain

Impairment reversal that was provided for in the financial statement which was not provided for during budget period.

#### 47.9 Government grants

The variance is 9% above the budget. Additional grants that were received in addition to originally planned, and were received from Dora, the municipality was given additional grant and also the spending of previous financial year grants also increased the Government grant revenue.

#### 47.10 Fines

The variance is 14% below the budget, challenge that were incurred by traffic officer as result of shortage of municipal vehicle to perform this function of road visibility caused the underperformance.

#### 47.11 Employee related cost

The variance of 12% below the approved budget resulted from the positions that were not filled in the current financial year and also the provision that was made for performance bonuses.

#### 47.12 Remuneration of councilors

## Umhlbuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 47. Actual operating expenditure versus budgeted operating expenditure (continued)

The variance of 3% below the approved budget was actual a provision under the councillors remuneration because were not sure of the percentage that was going to be approved by MEC.

##### 47.13 Depreciation and amortisation

The variance of 8% the approved budget resulted from the fact that asset were acquired at a later date and also few assets were not completed during the current financial year wherein the provision was provided in the budget to calculate depreciation.

##### 47.14 Impairment loss

The variance is 8% less the approved budget resulted from the fact that this was just the estimated amount we are relaying to the engineers reports.

##### 47.15 Finance cost

The variance is 15% less the approved budget resulted from the fact that the municipality has raised low interest for Skhemelele dumpsite

##### 47.16 Lease rental

The variance is 8% below the budget because calculation were based on the previous contract that the municipality had by then.

##### 47.17 Debt Impairment

The variance is 31% over the budget, reason being the budget was based on the previous year financial performance for this line item.

##### 47.18 Contracted services

The variance is 5% below the budget reason being the budget was estimate which not far from what was estimated by management.

##### 47.19 Operating cost

The variance is 4 % below the budget reason being that this was estimate which is not for from what management estimated.

##### 47.20 Loss on disposal of assets

The variance is 30 below the budget, management did not plan to dispose asset at a loss but the intention was to make profit on disposal, but asset we disposed through the Auction hence we made a loss.

##### 47.21 Actuarial gains/losses

There's a increase on expenditure compared to budget due to actuarial gains/losses not budgeted for.

##### 47.22 Capital Expenditure

Capital expenditure is 2% above budget due to donated assets received by municipality and intangible assets budgeted on operational budget.

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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#### 48. Deviations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The deviations for the current year, with the prior years' deviation shown for comparison, are summarised below:

Recommended supplier	539,033	440,236
Emergencies	172,607	108,569
	<b>711,640</b>	<b>548,805</b>

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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### 49. Budget statement

Changes from the approved budget to the final budget

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
-----------------	------	------

#### 49. Budget statement (continued)

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. Below are the reasons for adjustment budget.

##### Service charges

Service charges increased by R469 400 because it was discovered that there is a possible revenue loss because refuse was collected to other properties but they were not billed hence there is an increase

##### Licence and permits

Licences and permits decreased by R1 242 520 because it was discovered that there is another traffic station nearby who provides the same services as us hence there is a decrease in revenue generated from licenses and permits

##### Rental income

Rental income increased by R142 000 because there was new rental agreement entered into with department of Public Works who are renting an office space in one of our properties

##### Commissions received

Commission received was not budgeted in the original budget which is why there is a change in the final budget after it has been discovered that we need to recognise revenue on services we perform on behalf of the Department of Transport.

##### Interest on Investments

There is a decrease of R2 570 465 because grant funds were not invested in short term deposits account to generate more revenue.

##### Interest on outstanding debtors

Interest on outstanding debtors increased by R153 706 because debtors failed to pay for their accounts on time and the municipality had to charge interest on outstanding accounts.

##### Other Income

Other revenue increased by R10 711 898 because of investments funds used to fund the operating costs  
-

##### Property Rates

Property rates increased by R446 294 because budget was understated.

##### Government Grants

Government grants increased by R945 000 because there we received other grant funds from provincial departments like COGTA

##### Traffic fines.

Traffic fines budget decreased by R89 100 because there were challenges with speed cameras as well as the shortages in traffic officers

##### Employee Related Costs

Employee related costs increased by R17 604 470 because there was a provision made for the implementation of new municipal grading.

##### Councillors remuneration

Councillors remuneration increased by R680 697 because of the implementation of upper limits for councillors

##### Public Contributions & Donations

## Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended June 30, 2019

### Notes to the Annual Financial Statements

Figures in Rand	2019	2018
-----------------	------	------

#### 49. Budget statement (continued)

The adjustment in donation budget is as result , that we received the donation from department of art and culture.

#### Debt Impairment

Debt impairment decreased by R14 022 232 because the budget was overstated instead of budgeting for the movement.

#### Depreciation and Amortisation

Depreciation decreased by R1 477 557 because budget was overstated.

#### Finance charges

Finance charges increased by R1 288 000 because we have to make provision for landfill site rehabilitation.

#### Contracted Services

Contracted services increased by R34 764 774 because of the re-classification of expenditure as per Mscoa requirements

#### Transfers and subsidies .

Transfers and subsidies increased by R2 841 081 because of the re-classification of expenditure as per Mscoa requirements

#### Inventory consumed

#### Operational costs

Operational costs increased by R6 520 849 because of the re-classification of expenditure

Inventory consumed increased by R2 827936 because of the re-classification of expenditure

#### Transfers Recognised - Capital

Capital expenditure decreased by R19 986 467 because electrification projects had to be moved from capital expenditure to operational expenditure.

# CHAPTER 7

AG AUDIT FINDINGS 2018/2019

Auditor-General of South Africa

uMhlabuyalingana Municipality

Audit report 2018-19



## Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Umhlabuyalingana Municipality

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the uMhlabuyalingana Local Municipality set out on pages 180 to 255, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMhlabuyalingana Local Municipality as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

##### Material impairment — trade debtors

6. As disclosed in note 29 to the financial statements, a material impairment of R6,26 million was incurred as a result of the provision for irrecoverable trade debtors.

### **Restatement of corresponding figures**

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

### **Other matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Unaudited disclosure notes**

9. In terms of section 125(2) (e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Responsibilities of accounting officer for the financial statements**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the uMhlabuyalingana municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year 30 June 2019:

Development priorities	Pages in the annual performance report
KPA 2: Basic service delivery and infrastructure	312 — 322

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for this development priority.

### Other matter

19. I draw attention to the matter below.

#### Achievement of planned targets

20. The annual performance report on pages 312 to 322 sets out information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. The material findings on compliance with specific matters in key legislations are as follows: [Financial statements](#)

23. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatement of current assets identified by the auditors in the submitted financial statement was subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Expenditure management

24. Reasonable steps were not taken to prevent irregular expenditure amounting to R1,78 million as disclosed in note 45 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the Municipal Supply Chain Management Regulation, 2005 (MSCMR).

### Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

31. Management did not prepare accurate financial reports which are supported by reliable evidence. Furthermore, strict controls were not implemented to ensure that municipality comply with applicable laws.

## **Annexure — Auditor-general's responsibility for the audit**

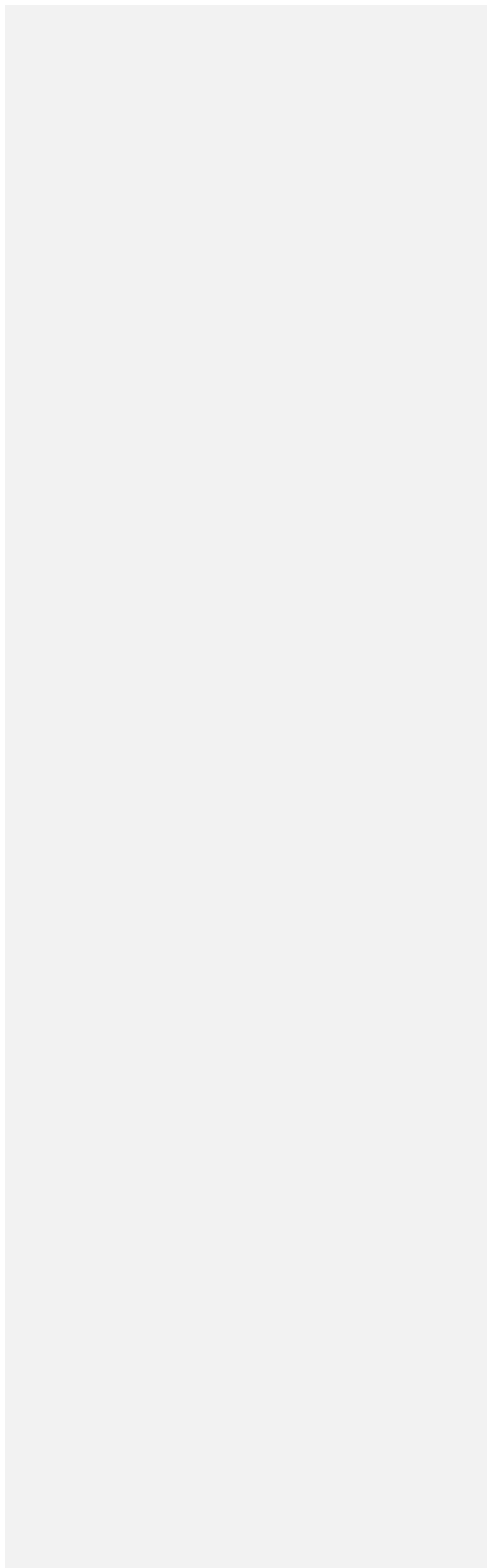
1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the uMhlabuyalingana local municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



## Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on uMhlabuyalingana Local Municipality

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the uMhlabuyalingana Local Municipality set out on pages 304 to 332, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMhlabuyalingana Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Material impairment – trade debtors

7. As disclosed in note 26 to the financial statements, a material impairment and debt write-off of R8,01 million was incurred as a result of the provision for irrecoverable trade debtors and write-off of irrecoverable debtors.



### **Restatement of corresponding figures**

8. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2018.

### **Other matter**

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### **Unaudited disclosure notes**

10. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Responsibilities of the accounting officer for the financial statements**

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
12. In preparing the financial statements, the accounting officer is responsible for assessing the uMhlabuyalingana Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

### **Auditor-general's responsibilities for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery and infrastructure development priority presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priority	Pages in the annual performance report
KPA 2: basic service delivery and infrastructure	304-332

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for this development priority.

#### Other matters

19. I draw attention to the matters below.

#### Achievement of planned targets

20. The annual performance report on pages xx to xx includes information on the achievement of planned targets for the year.

#### Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2: basic service delivery and infrastructure. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### Report on the audit of compliance with legislation

#### Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material finding on compliance with specific matters in key legislation are as follows:

#### Financial statements

24. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.
25. Material misstatements of non-current assets, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
32. Management did not adequately review financial statements against the supporting schedules leading to various adjustment made during the audit.

Pietermaritzburg

28 November 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priority and on the municipality's compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the uMhlabuyalingana Local Municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## AG ACTION PLAN

N o.	AFS Compo nent	Criteria/Req uirement	AGSA Finding	Root cause/I nternal control deficien cy	Remedia l action required	Rep eat Fin din g	Status/Pr ogress to date	Respon sibility	POE	Du e dat e	Com ments
1	MATERIA L FINDING S										

1.1	<b>Commitments</b>	In terms of Generally Accepted Accounting Practice (Grap) 19, Provisions, Contingent Liabilities and Contingent Assets, the municipality shall separately disclose its commitments for current expenditure and capital expenditure at the reporting date. In disclosing the commitments, the municipality shall differentiate between commitments that have been approved and contracted and approved but not yet contracted.	During the audit of commitments as per note 31 of the AFS it was noted that the disclosure in the financials are materially misstated. The Municipality was recording the commitment based on the budget and not on the approved contract, details of the misstatement are as follows	Management did not understand their accounting policy and GRAP requirements and also did not perform a proper review which would have identified and corrected this misstatement timeously.	1. Management will develop commitment register that will be monitored and updated on a monthly basis as opposed to annual commitment register.  2. Register will be prepared by asset officer and reviewed by SCM Manager and approved by CFO.  3. Management is going to issue official orders for	No	All capital and operational commitments have a monthly schedules, prepared by Asset Officer and are reviewed by SCM Manager and approved by CFO on a monthly basis. Budget and Actual amounts are separated to avoid repeat disclosure of commitments.	CFO / SCM Manager/ Asset Officer	Signed Commitment register by all parties.	Ongoing up until 30 June 2019	
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					acquisition above R 200 000 to also track commitment through the financial system.  4. Report will also be circulated to all committee on a quarterly basis  5. Contract register to insert the a columum for commitments						
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1. 2	<b>Property, Plant and equipment (Vat Calculation)</b>	Per the VAT 419 Guide for municipalities and the Generally Accepted Accounting Practice Note, it is required that goods and services rendered/supplied by the municipality or for the benefit of the municipality be recorded in the financial statements at an amount excluding VAT.	During the audit of additions to PPE, it was noted the asset below had been recorded at amount that includes VAT, resulting in a misstatement of Property plant and equipment in the Fixed Assets Register (FAR)	The accounting officer did not ensure that the assets purchased was recorded onto the accounting system correctly with specific reference to VAT and its implications.	1. Management will arrange a refresher vat training for all employees dealing with vat in the finance department .  2. Management will go back and conduct full population for the current financial year to ensure that vat treatment is correct to all transaction recorded on the GL.  3. Management	No	Fixed Assets purchased are monitored on a monthly basis, and test are performed to oversee the correct allocation of VAT. The reconciliation of VAT account is performed on a monthly basis by Financial Manager, reviewed and approved by CFO. SCM Manager also monitor the monthly reconciliation of Fixed Assets Register, reviewed	CFO /SCM Manager/ Finance Manager	1. Attendance register for the training.  2. Voucher audit and GL adjustment in the form of journals if any.  3. Fixed Assets Register Reconciliations  4. Monthly VAT Reconciliations	28-Feb-19	
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					nt will develop the vat check list which will assist the people dealing with Vat to identify vat supplies.		and approved by CFO.				
					4. Manageme nt will also follow standard operating procedure developed by manageme nt for the correct treatment of the vat.						

1.3	<b>Property, Plant and Equipment (Depreciation)</b>	in terms of sec 122 of the MFMA, preparation of financial statements, a municipality must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.	During the audit of assets, it was noted that the total depreciation and amortisation as per the FAR does not agree with the total depreciation and amortisation on the face of the statement of comprehensive income.	The accounting officer correctly performed the monthly depreciation run on the accounting system, however at year end did not reconcile the depreciation on adjusted FAR to the depreciation calculated on the accounting system.	1. Management will ensure that Fixed asset register is updated on a monthly basis and management utilised the excel FAR to adequately record municipal assets.  2. The asset officer will conduct monthly assets reconciliations which will be reviewed by the SCM Manager and Approved by the CFO.	No	1. Signed Fixed Assets Register reconciliations performed monthly.  2. Addition schedules reviewed and reconciled on monthly basis.  3. WIP schedules reviewed and reconciled on a monthly basis  4. Depreciation calculation schedule on a monthly basis.	CFO /SCM Manager/Asset Officer	1. FAR updated  2. Assets reconciliations  3. Attendance registers	Ongoing until 30 June 2019	
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				<p>3. Depreciation will be calculated quarterly to update interim financial statement and review will also be conducted on a quarterly basis to ensure that depreciation is correctly recorded.</p> <p>4. The refresher course will also be arranged for the employees dealing with asset which will also include GRAP training and updates</p>						
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2	Revenue										
2.1	Interest received on property rates	According to section 64(g) MFMA Act(1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality.(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure That the municipality charges interest on arrears, except where the council has granted Exemptions in accordance with its budget-related policies and within a prescribed	During the audit of revenue, it was noted that the auditee has a policy in place to collect interest on debtors only after 90 days, however auditee did not formally adopt any resolution which overrides the MFMA ACT requirements.	Inadequate review and analysis of the MFMA act resulting in the inaccurate policy formation.	1. Management will update the municipal policy to be inline with the legislation, to raise interest within 30 day of non-payment.2. Take Item to council to rescind the resolution taken before, and adopt the new resolution.3 . Consult with affected stakeholders regarding the resolution taken by	No	In progress	CFO/ Finance Manager and Revenue Officer	1. Debtors age analysis 2. Billing report3. Council Resolution	30-Jun-19	

					council.4. Manageme nt will updated the financial system to calculate interest after 30 day as opposed to 90 days						
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2.2	<b>Valuation note inappropriately disclosed</b>	GRAP 1 Par 17 states the following: Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses.	During the 2017/18 audit of Umhlabuyalingana municipality it was noted that in the current year the current year valuations disclosed in the financials did not agree to the supporting schedule.	Management did not appropriately review the valuations reconciliation to the billing system and agree the disclosure to the note in the financials to the close out report from the valuers.	1. Management will ensure that total valuation of properties in the financial system agree with what is reported in the financial statement .  2. Management will ensure that during the review of either interims or annual financial statement figure reported are	No	None	CFO/ Finance Manager and Revenue Officer	1. Close out report and property values in the financial system.  2. Annual reconciliation of Valuation and Billing	30-Jun-19	
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					<p>supported by correct supporting schedules verified and approved by line manager and CFO.</p> <p>3. Verify annually that close out report is equal to the valuation report on the financial system.</p>						
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3	SCM										
3.1	<b>SCM policy did not cater for the new Standard for Infrastructure Delivery and Procurement Model</b>	This is noncompliance with MFMA Circular No.81 Municipal Finance Management Act No 56 of 2003.	During the audit of the SCM policy, it was noted that the update for the new Standard for Infrastructure Delivery and Procurement Model were not done to the scm policy prior to been approved by council.	Management did not review and monitor compliance with applicable laws and regulations.	1. Management will develop a policy that accommodate the new standard for infrastructure delivery and procurement model.2. Management will request comments internal and from treasury before submitted to council for approval3. Management will submit the policy for approval through council.	No	In progress	CFO/ SCM Manager	1. Policy2. Council resolution	31-Mar-19	

3.2	<b>Suppliers in service of the state</b>	SCM Regulations for municipalities, paragraph 13 (c) states that: A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid: (c) has indicated - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;	During the 2017/2018 audit of Umhlabuyalingana municipality, our Computer Assisted Audit Technique s (CAATs) identified the below listed suppliers to not have declared to have been in the employ/service of the state.	Management did not have processors in place to identify this non-compliance	1. Notify the suppliers in writing of their transgression of submitting false declarations and the consequences thereof.  2. Make use of CSD to pick up suppliers who are in the service of the state.  3. Deactivate suppliers identified through caat system so that we are not going to trade with them in future	Yes	Resolved	CFO/ SCM Manager and SCM Officer	1. Letter written to service providers  2. Report of deactivation	31-Jan-19	
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3.3	<b>Bid Adjudication Committee not appropriately composed</b>	SCM regulation 29 (2) of the MFAMA states that: A bid adjudication committee must consist of at least four senior managers of the municipality or municipal entity which must include-(i) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; (ii) at least one senior supply chain management practitioner who is an official of	During the audit of Umhlabuyalingana SCM, it was noted that all competitive bids awarded in the 2017/18 year and those awards tested that relate to the prior year, did not have a BAC that included a senior supply chain management practitioner.	Prior year issues were not adequately addressed due to lack of understanding of the SCM requirements	1. Appointment of the senior official in the SCM unit to sit in the Bid adjudication committee to comply with the SCM regulations	No	Resolved	MM and CFO	1. Appointment letter appointing senior official.	31-Jan-19	
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		the municipality or municipal entity; and(iii) a technical expert in the relevant field who is an official of the municipality or municipal entity, if the municipality or municipal entity has such an expert									
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4	CASH AND BANK										
4.1	Bank account incorrectly disclosed in the financials	According to section 62. MFMA General Financial management functions – The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure –(1) That the resources of the municipality are used efficiently and economically(2) That full and proper records of the financial affairs are kept in accordance with any prescribed	During the audit of cash and bank it was noted that the balance as per the main bank account on the financial statements and the balance as per the bank confirmation do not agree.	Management did not review the cash and bank disclosure adequately to ensure the bank statements disclosure is accurate	1. Management will ensure that figures reported on the bank confirmation reconcile to the figures reflected on the note to financial statements  2. Bank reconciliations will still be conducted on a monthly basis to ensure accurate records	No	None	CFO/ Finance Manager	1. Bank confirmations and bank reconciliations	30-Jun-19	

		norms and standards										
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5	PERFORMANCE INFORMATION										
5.1	<b>Annual Performance Report not consistent to the SDBIP</b>	According to Section 121(3)(f) of the MFMA, the annual report of a municipality must include an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives. This means that the annual performance report has to be consistent with the annual performance plan documents like Service Delivery Implementation Plan (SDBIP)	During the audit of performance information where consistency between the SDBIP and the APR was being assessed, it was noted that the APR is not consistent to the SDBIP for Programme 2 (Basic service delivery) targets.	Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information. Management also did not adequately review the APR before it was submitted for the audit. Management did not ensure that the	Management should prepare regular, accurate and complete performance information. Management should adjust the annual performance report (APR) and ensure that its consistent to the annual performance plan SDBIP.	No	Ongoing monitoring until 30 June 2019 - APR was adjusted to resolve inconsistency to the annual performance plan (SDBIP).	PMS Manager and IDP Manager	APR	30-Jun-19	N/A



				annual performan ce report (APR) is consistent to the performan ce plan document (SDBIP)							
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# APPENDICES

# APPENDIX A: Councillors, Committee Allocation and Council Attendance

Number		Gender	Affiliation	Ward/PR
1	Cllr. K.O Tembe	Male	ANC	WC 1
2	Cllr. B.N. Ntsele	Male	ANC	WC 2
3	Cllr. T.N. Magagula	Male	ANC	WC 3
4	Cllr. L.D. Tembe	Male	ANC	WC 4
5	Cllr. T.J. Nxumalo	Male	ANC	WC 5
6	Cllr. M.D. Mathenjwa	Male	ANC	WC 6
7	Cllr. S.G. Nxumalo	Male	IFP	WC 7
8	Cllr. G.S. Mthembu	Male	ANC	WC 8
9	Cllr. D.A. Tembe	Male	ANC	WC 9
10	Cllr. M.I. Mthembu	Male	ANC	WC 10
11	Cllr. N.S. Mthethwa	Male	ANC	WC 11
12	Cllr. N. Vumase	Female	ANC	WC 12
13	Cllr. J.B. Gwala	Male	ANC	WC 13
14	Cllr. N.J. Ndabeni	Male	ANC	WC 14
15	Cllr. N.C. Mdletshe	Male	ANC	WC 15
16	Cllr. E.G. Mhlongo	Male	ANC	WC 16
17	Cllr. S.N. Mthethwa	Male	ANC	WC 17
18	Cllr. J.E. Sithole	Male	ANC	WC 18
19	Cllr. S.P Mthethwa	Male	ANC	PR
20	Cllr. Z.M. Mhlongo	Female	ANC	PR
21	Cllr. B.C. Zikhali	Male	AIC	PR
22	Cllr. F.G. Mlambo	Female	ANC	PR
23	Cllr. B.T Tembe	Female	ANC	PR
24	Cllr. S.M. Ndlovu	Female	ANC	PR
25	Cllr. T.S. Myeni	Male	DA	PR
26	Cllr. L.E. Mkhwanazi	Female	EFF	PR
27	Cllr. M.D. Mathenjwa	Female	IFP	PR
28	Cllr. J.G. Ngubane	Female	IFP	PR
29	Cllr. M.Z. Mhlongo	Male	IFP	PR
30	Cllr. S.M. Gumede	Female	IFP	PR
31	Cllr. B.J. Tembe	Male	IFP	PR
32	Cllr. M.J. Mthembu	Male	IFP	PR

33	Cllr. T.L. Mlambo	Male	IFP	PR
34	Cllr. H.K. Gumede	Female	IFP	PR
35	Cllr. T.S. Khumalo	Male	IFP	PR

#### APPENDIX B: Committees and Committee Purpose

Council Members	Political Affiliation	Full Time/Part Time FT/PT	Committee Allocated	Ward and or PR
Cllr. K.O Tembe	ANC	PT	MPAC	Ward 1
Cllr. B.N. Ntsele	ANC	PT	PLID	Ward 2
Cllr. T.N. Magagula	ANC	PT	PLID	Ward 3
Cllr. L.D. Tembe	ANC	PT	Finance	Ward4
Cllr. T.J. Nxumalo	ANC	PT	Corporate Services	Ward 5
6. Cllr. M.D. Mathenjwa	ANC	PT	Community Services	Ward6
7. Cllr. S.G. Nxumalo	IFP	PT	MPAC	Ward 7
8. Cllr. G.S. Mthembu	ANC	PT	Corporate Services	Ward 8
9. Cllr. D.A. Tembe	ANC	PT	Community Services	Ward 9
10. Cllr. M.I. Mthembu	ANC	PT	Finance and Community Services	Ward 10
11. Cllr. N.S. Mthethwa	ANC	FT	Finance	ward 11
12. Cllr. N. Vumase	ANC	PT	Finance	Ward 12
13. Cllr. J.B. Gwala	ANC	PT	Corporate Services	Ward 13
14. Cllr. N.J. Ndabeni	ANC	PT	Finance	Ward 14
15. Cllr. N.C. Mdletshe	ANC	PT	PLID	Ward 15
16. Cllr. E.G. Mhlongo	ANC	PT	PLID	Ward 16
17. Cllr. S.N. Mthethwa	ANC	PT	Community Services	Ward 17
18. Cllr. J.E. Sithole	ANC	PT	Corporate Services	Ward 18
19. Cllr. S.P. Mthethwa	ANC	PT	Corporate Services	Ward 11 PR
20. Cllr. Z.M. Mhlongo	ANC	PT	Community Services	Ward 16 PR

21. Cllr. B.C. Zikhali	AIC	PT	MPAC	Ward 11 PR
22. Cllr. F.G. Mlambo	ANC	FT	Corporate Services	Ward 14
23. Cllr. B.T Tembe	ANC	FT	Speaker	Ward 12
24. Cllr. S.M. Ndlovu	ANC	PT	Corporate Services	Ward 17
25. Cllr. T.S. Myeni	DA	PT	Corporate Services	Ward 11
26. Cllr. L.E. Mkhwanazi	EFF	PT	Corporate Services	Ward 11
27. Cllr. M.D. Mathenjwa	IFP	PT	Finance	Ward 02
28. Cllr. J.G. Ngubane	IFP	PT	Corporate Services	Ward 01
29. Cllr. M.Z. Mhlongo	IFP	PT	PLID	Ward 14
30. Cllr. S.M. Gumede	IFP	PT	PLID	Ward 07
31. Cllr. B.J. Tembe	IFP	PT	Community Services	Ward 03
32. Cllr. M.J. Mthembu	IFP	PT	Community Services	Ward 03
33. Cllr. T.L. Mlambo	IFP	PT	Community Services	Ward 15
34. Cllr. H.K. Gumede	IFP	PT	Corporate Services	Ward 15
35. Cllr. T.S. Khumalo	IFP	PT	Finance	Ward 16



# RECORD OF ATTENDANCE-COUNCIL MEETINGS 2018-2019

Y = YES      N = NO

	09 July 2018	26 July 2018	28 Aug 2018	27 Sep 2018	16 Oct 2018	31 Oct 2018	29 Nov 2018	13 Dec 2018	24 Jan 2019	14 Feb 2019	25 Feb 2019	11 Mar 2019	27 Mar 2019	25 Apr 2019	23 May 2019	30 May 2019	26 June 2019	TOTAL	Percentage: %
1. Cllr. K.O Tembe	Y	Y	Y	N	Y	Y	N	N	N	N	N	N	Y	Y	Y	N	N	8	47%
2. Cllr. B.N. Ntsele	Y	Y	Y	Y	Y	Y	N	Y	N	Y	Y	N	N	N	Y	N	Y	11	65%
3. Cllr. T.N. Magagula	Y	Y	N	N	Y	Y	Y	Y	Y	Y	N	Y	N	Y	N	Y	Y	12	71%
4. Cllr. L.D. Tembe	Y	Y	Y	N	Y	N	Y	N	N	N	Y	Y	Y	Y	Y	Y	Y	12	71%
5. Cllr. T.J. Nxumalo	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y	N	Y	13	76%
6. Cllr. M.D. Mathenjwa	Y	Y	N	Y	Y	N	Y	Y	Y	N	Y	Y	Y	N	N	Y	Y	12	71%
7. Cllr. S.G. Nxumalo	Y	N	N	N	Y	N	N	N	N	N	N							2	12%
8. Cllr. G.S. Mthembu	N	N	N	N	Y	N	N	Y	N	Y	Y	Y	Y	N	N	Y	Y	8	47%
9. Cllr. D.A. Tembe	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	16	94%
10. Cllr. M.I. Mthembu	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N	Y	14	82%
11. Cllr. N.S. Mthethwa	Y	Y	Y	Y	Y	Y	N	Y	Y	N	Y	Y	N	Y	Y	Y	Y	14	82%

12. Cllr. N. Vumase	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	17	100%
13. Cllr. J.B. Gwala	Y	Y	N	Y	N	Y	Y	Y	Y	N	Y	Y	Y	N	N	Y	Y	12	71%
14. Cllr. N.J. Ndabeni	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	16	92%
15. Cllr. N.C. Mdletshe	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	16	92%
16. Cllr. E.G. Mhlongo	Y	N	Y	Y	N	Y	N	N	Y	N	N	N	N	Y	N	N	Y	7	41%
17. Cllr. S.N. Tembe	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N	Y	14	82%
18. Cllr. J.E. Sithole	Y	Y	Y	Y	Y	Y	N	N	Y	Y	Y	Y	N	N	Y	N	Y	12	71%
19. Cllr. S.P. Mthethwa	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	15	88%
20. Cllr. Z.M. Mhlongo	Y	Y	N	Y	Y	N	N	N	Y	Y	Y	Y	N	Y	Y	Y	Y	12	71%
21. Cllr. B.C. Zikhali	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	17	100%
22. Cllr. F.G. Mlambo	Y	Y	Y	Y	Y	Y	N	N	Y	N	Y	Y	Y	N	Y	Y	Y	13	76%
23. Cllr. B.T. Tembe	Y	Y	Y	N	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	15	88%
24. Cllr. S.M. Ndlovu	Y	Y	N	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	Y	Y	N	13	76%

25. Cllr. T.S. Myeni	Y	N	N	Y	N	Y	N	N	Y	Y	N	N	N	Y	N	N	Y	7	41%
26. Cllr. L.E. Mkhwanazi	N	Y	Y	N	N	Y	Y	Y	Y	N	Y	Y	N	Y	N	Y	Y	11	65%
27. Cllr. M.D. Mathenjwa	Y	Y	Y	N	Y	Y	N	Y	Y	N	Y	Y	Y	N	N	Y	Y	12	71%
28. Cllr. J.G. Ngubane	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y	15	88%
29. Cllr. M.Z. Mhlongo	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N	14	82%
30. Cllr. S.M. Gumede	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	16	94%
31. Cllr. B.J. Tembe	Y	Y	Y	N	Y	Y	N	Y	Y	Y	N	N	Y	Y	N	Y	Y	12	71%
32. Cllr. M.J. Mthembu	Y	N	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N	Y	N	Y	13	76%
33. Cllr. T.L. Mlambo	Y	N	Y	Y	Y	Y	Y	Y	N	Y	N	N	Y	N	N	Y	Y	11	65%
34. Cllr. H.K. Gumede	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	N	N	Y	Y	Y	14	71%
35. Cllr. T.S. Khumalo	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	N	Y	N	Y	Y	14	71%
36. Cllr. E.T. Nxumalo												Y	Y	Y	Y	N	Y	5	29%

## APPENDIX G: Recommendations of the Municipal Audit Committee Year 2018/2019



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#### ANNUAL REPORT OF THE AUDIT COMMITTEE AND PERFORMANCE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2018 TO 30 JUNE 2019

##### AUDIT COMMITTEE REPORT

The Performance/Audit Committee of the Umhlabuyalingana Municipality has pleasure in submitting this annual report. This report is submitted in terms of the provisions of sections 121(3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 ("the MFMA") and covers the financial period from 1 July 2018 to 30 June 2019.

##### PERFORMANCE/AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consist of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. The municipality has two Chairpersons, one for the Audit Committee (AC) and the other one for the Performance Audit Committee (PAC). The Chairperson of the AC has been a member of the Audit Committee for the past three year. For the purpose of continuity the Council appointed him to be the Chairperson on the new Audit Committee.

Name of Member	Number of Meetings Attended
Mr Z Zulu (Chairperson (PAC)	6
Mr B Mabika (Chairperson (AC)	6
Mr M Langa (resigned date)	3
Mr S Simelane	5
Ms S Gertze	5
Mr L Hlengwa (joined date)	1

Most of the members of the Performance/Audit Committee have been in the serving during 2017/18 Financial Year (FY). It is regretted to report that one of the members has resigned from the Committee due to work related reasons. The municipality then appointed the member to replace him and the new member has attend only one meeting during the FY 2018/19.

##### Overview of Activities

The Committee held Six (6) ordinary meetings and two (2) special meetings during the year under review on the following dates:-

Special AC & PAC 24<sup>th</sup> August 2018  
Ordinary AC & PAC 1<sup>st</sup> November 2018  
Special AC & PAC 11<sup>th</sup> December 2018  
Ordinary AC & PAC 18<sup>th</sup> March 2019  
Ordinary AC & PAC 23<sup>rd</sup> April 2019  
Ordinary AC & PAC 27<sup>th</sup> June 2019

The Audit Committee chairperson also availed himself for Council Meetings to present written reports of the Audit Committee and assessments of the Municipal Manager and Managers reporting to Municipal Manager. In almost all the meetings of the AC and PAC the Mayor and the Chairperson of the Municipal Public Accounts Committee (MPAC) attends. In case they do not attend an apology is presented.

#### **PERFORMANCE/AUDIT COMMITTEE RESPONSIBILITIES**

The Performance/Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Performance/Audit Committee's work was guided and regulated by a Performance/Audit Committee Charter, and discharged all its responsibility as contained therein. The Performance/Audit Committee's work has been guided by municipal leadership during the financial year. We are pleased to report that there has been stability at uMhlabyalingana Municipality during the FY 2018/19 in terms of administrative leadership.

#### **INTERNAL AUDIT INSTITUTIONAL ARRANGEMENT**

The Internal Audit Charter as adopted by the Performance/Audit Committee regulates the work of the Internal Audit Activities.

The municipality has an approved structure of internal audit and it was outsourced to Ntshidi and Associates. uMhlabyalingana Municipality has one employee responsible for the Internal Audit and is full time in the municipality and is responsible for the co-ordination of the work of the Internal Audit in the municipality. The out-sourced service provider has been tasked to ensure that other tasks in the Internal Audit Plan are given to the internal person and the progress in this regard is monitored by the AUDCOM and the Municipal Manager. It is recommended that the municipality should consider appointing interns for internal audit and risk management for the skills transfer, in order for it to build its capacity going forward. The above recommendation was made to Council in our first and second Quarter report.

In terms of S62 (c) (ii) and S165 (1) of the MFMA each municipality is required to have an Internal Audit Unit and S165 (3) allows the municipality to co-source the internal audit function if the municipality requires assistance to develop its internal capacity. The Internal

Audit coverage plan was approved by the Performance/Audit Committee at its November 1<sup>st</sup> meeting for the 2018/19 financial year.

#### **INTERNAL AUDIT FUNCTION**

During this financial year, internal audit reports were presented at the Performance/Audit Committee meetings. Issues raised were deliberated in the meetings of the Performance/Audit Committee and resolutions were taken. The Performance/Audit Committee addressed the issues in its reports to Council with and recommendations including the issues raised by the Auditor-General. The AG Action Plan was presented and adopted by the Performance/Audit Committee at the 18<sup>th</sup> March meeting of the Performance/Audit Committee.

The Internal Audit Unit has made significant progress in the completion of the 2018/19 annual audit plan and complied with its responsibilities arising from its approved Charter. The outsourced Internal Audit (Ntshidi and Associates) has a three years contract with the municipality and its services is measured every year by both Performance/Audit Committee and management.

#### **SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to provide reasonable assurance that the assets are safeguarded, the liabilities, working capital are effectively and efficiently managed. All of the above remains a management responsibility.

The Internal Audit reports in all areas audited during the financial year under review indicated that there were some weaknesses in the system of internal control and these were deliberated on during the meetings.

The Performance/Audit Committee has noted that there has been improvement on the systems of internal control especially relating to Supply Chain Management processes. Whilst the committee understand the limited resources that the municipality has, however, Supply Chain Management structure was revisited based on the 2018/19 report of the AUDCOM to ensure adequate segregation of incompatible duties thus minimising risks of fraud and corruption.

#### **RISK MANAGEMENT**

Risk management has been formalised within the municipality but more effort is still required. The external Chairperson of the Risk Committee resigned during the FY and the municipality is in the process of recruiting the new member. The municipality has a fulltime resource that manages the Risk Business Unit and is reporting at the office of the Municipal Manager. The Risk Management Committee of the municipality is not yet effective but it does exist. The minutes and resolutions of the Risk Committee are presented to all meetings of the Audit Committee for adequate oversight. An appointment of a Risk Chairperson will contribute immensely for effective and efficient risk management.

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The Audit Committee reviewed Annual Financial Statements for the year ending 30 June 2018 that were submitted to the Auditor-General for audit. The Audit Committee noted some errors which the Chief Financial Officer subsequently rectified before the submission to the Auditor-General. Improvements with respect to the quality of the Annual Financial Statements were also noted during the review of the annual financial statements compared to the previous financial year. These financial statements were approved and submitted to the Auditor-General by the end of August 2018 as required by the MFMA.

In order for this situation to improve the municipality need to develop its own action plan for the development of AFS that will guide its activities. We are pleased to report that during FY 2018/19 the action plan was adopted and the services of the outside company were sourced on time. 2018/19 First Draft AFS were produced and distributed to members at the end of July 2019. Mid-year financial statements were presented to AUDCOM and were audited by the Internal Auditor as a build up to the Annual Financial Statements. When they were presented management ensured AUDCOM that they were presented based on the MSCOA.

## **PERFORMANCE MANAGEMENT**

Internal Audit Unit's annual audit coverage plan included review of Performance Management System and Performance Information. The Audit Committee had reviewed and considered the reports noted some weaknesses in the area of Performance Information and the strides that are being made by management through workshops and sharing of information with other municipalities who have achieved better results during audits by Auditor-General. The catch-up plan on backlog of performance assessments has been implemented; however, there is still a concern in that for performance management to be effective assessments should be done on time so as to ensure corrective action is taken within the financial year.

This area needs more effort to ensure that there is effective and efficient management of performance within the municipality. The Performance/Audit Committee recommended that the Internal Audit Unit should review the Organisational Scorecard, Service Delivery & Budget Improvement Plan (SDBIP) before the approval by the Mayor to ensure alignment with Integrated Development Plan (IDP) and compliance with SMART principles.

## **MONTHLY FINANCIAL MANAGEMENT REPORTS**

Monthly management reports were reviewed by the Performance/Audit Committee. These included bank reconciliations, debtors and creditors age analyses, income and expenditure reports and budget and variance reports. Several pertinent matters were raised with management who in turn furnished satisfactory answers. In many instances suggestions, recommendations, and/or requests from the Committee were implemented by management.

## **INFORMATION TECHNOLOGY (IT)**

A review on the Information General Controls was not conducted by Internal Audit during the year under review. The municipality does not have an in-house Manager for Information Technology and that was the recommendation of the AUDCOM 2018/19. We are hopefully that this financial year we are not going to receive many findings in this regard. IT Policies were not developed and work-shopped during 2018/19 financial year. The structure of Information Technology should receive the attention it deserves at the municipality. The aim of creating more capacity and better service to the IT should be informed by the recommendation of the AUDCOM report of 2017/18.

## **GOVERNANCE**

The Committee noted confirmation of commitments by the Mayor and Municipal Managers to address the deficiencies of internal control as well as the status as per the Dashboard report. It is important also to note that during the year under review the Umlabuyalingana Municipality had a full time Municipal Manager, unlike the last FY where we had an acting Municipal Manager for sometimes during the FY.

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The Performance/Audit Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations. The Performance/Audit committee is not satisfied that the system for monitoring compliance with laws and regulations is effective. A checklist has been developed and presentation to all Performance/Audit Committee meetings. Reports on compliance and noncompliance to laws and regulations will be given a priority during the year 2019/20.

## **EXTERNAL AUDIT BY AUDITOR-GENERAL (AGSA)**

The Performance/Audit Committee has reviewed the External Audit scope to ensure the critical areas within the Municipality are being addressed. In addition, the committee reviewed the audit report including issues arising out of the external audit.

Based on processes followed and assurances received from the Auditor-General, nothing has come to the committee's attention with regard to any matter concerning the independence of External Auditors.

The Performance/Audit Committee concurred with the Auditor-General's conclusions on the Annual Financial Statements, compliance with laws and regulations and performance information and note the improvement in terms of the audit report. We congratulate the municipality for receiving unqualified Audit during the year 2017/18.

## **RECOMMENDATIONS**

- The Accounting Officer must ensure that all Senior Managers take ownership of the Performance Management System to prevent repeat audit findings and to contribute



to an effective system and process. Should this not happen, the consequence management process should be implemented.

- The Council and management should ensure that comprehensive legal compliance checklists exist and are monitored by Council, Portfolio Committees and Manco on a monthly basis. Where non-compliance with laws and regulations are detected the consequence management process should be implemented.
- The Accounting Officer should ensure that all senior managers and CoGTA and Treasury attend the AUDCOM meetings to contribute toward effective Governance.
- The Accounting Officer should ensure that all departments implement the risk response plans.
- The Accounting Officer should ensure that the Audit Action Plan is prioritised by the management team and progress is monitored on a regular basis.
- The Accounting Officer should ensure that all reports as required by regulation are submitted to AUDCOM on time.
- The Council and management need to continuously monitor internal controls over SCM processes to prevent irregular expenditure as far as possible.
- Management should ensure that credible, reliable and accurate financial and performance information is submitted quarterly for review to the Council Committees and AUDCOM. Submissions should be signed by the relevant authors and Heads of Department to indicate approval of their content.

#### CONCLUSION

The Committee notes the progress made by the municipality in improving overall governance, systems of internal control, risk management and performance management. In addition, the Performance/Audit Committee concurs and accepts the conclusion of both the Internal Audit and the Auditor-General.

The Performance/Audit Committee wishes to express its sincere gratitude to the Council and all those involved in the improvement of systems at the Municipality and to the Municipal Managers and Senior Management for their support during this financial year.

Chairperson: Performance/ Audit Committee

Mr Z Zulu .....

Mr B Mabika  .....



APPENDIX I: Municipal Entity/Service Provider Performance Schedule

The service provider’s performance assessment is done in line with section number 46 (a, b & c) of chapter 6 the municipal systems act and regulation 32 of 200 Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on monthly basis. The report herein below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder.

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Assessment of Service Providers Performance		
					G	S	P
UMHL44/2015/2016	V1 Security Services	15/02/2016 to 15/02/2019	Yes	R12 811 292,64	✓		
UMHL16/2014/2015	Indwe Risk Services(Provision for Insurance services)	01/07/2015 to 30/06/2018	Yes	R1 553 991,48	✓		
UMHL42/2013/2014	Nkosingiphe Inkazimulo(financial Services)	13/06/2014 to 04/12/2015 thereafter extension for 18 months from 01/01/2016 to 30/06/2017, another extension for 18 months from 01/07/2017 to 31/12/2018	Yes	R10 007 902,31	✓		
UMHL30/2016/2017	Ntshidi and Associates(Internal Audit Service)	01/07/2017 to 30/06/2020	Yes	R1 170 870,00	✓		
	Telkom(hosted exchange mailbox0	15/04/2016 to 15/04/2021	Yes	R 718 000,00	✓		
	Travel with flair(Travel agency)	11/11/2011 to 11/11/2016, thereafter extension is on a monthly basis until new service provider has been appointed.	Yes	R 4 707 522,08	✓		
UMHL09/2015/2016	BPGMASS(Valuation roll)	01/10/2013 to 30/06/2019	Yes	R 1 766 862,00	✓		
UMHL38/2015/2016	Maseko Mbatha(legal services)	01/02/2016 to 31/01/2018, thereafter extension for 5 months from 01/02/2018 to 30/06/2018	Yes	R 4 528 698,07	✓		

APPENDIX J: Disclosure of Financial Interests

DISCLOSURES OF FINANCIAL INTERESTS FROM 1 <sup>ST</sup> JULY 2018 TO 30 JUNE 2019		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
Mayor	Cllr. N.S Mthethwa	N/A
Councillor		
Municipal Manager	Mrs N.P Gamede	
Chief Financial Officer	Mr N.P.E Myeni	
Other HODs	Mr M.S Qwabe	
	Miss N.V.F Msane	

APPENDIX K (i)

REVENUE COLLECTION PERFORMANCE BY VOTE AND SOURCE

Revenue Collection Performance by Vote							
Vote Description		2016/2017	2017/2018			2018/2019 Variance	
		Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget
Budget and Treasury		149,669,177	152,351,857	160,082,048	160,521,074	8,169,217	439,026
Community Services		201,968	201,600	201,600	283,330	81,730	81,730
Traffic Services		5,417,140	5,997,620	5,149,534	5,544,931	(452,689)	395,397
Local Economic Development		2,277,000	4,165,000	4,165,000	4,165,000	-	-
Library Services		1,609,477	1,634,351	1,645,000	1,777,776	143,425	132,776
Technical Services		60,458,666	61,481,000	63,397,223	65,684,985	4,203,985	2,287,762
Corporate Services		52,632	52,632	42,356	101,219	48,587	58,863
Executive Management		412,238	-	-	-	-	-
Total Revenue by Vote	219,098,298	225,884,060	234,682,761	238,078,315	12,194,255	3,395,554	

## APPENDIX K (ii)

### REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source

Description	2016/2017	2017/2018			2018/2019 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Property rates	19,118,068	19,516,725	19,516,725	19,829,577	312,852	312,852
Property rates - penalties and collection charges	-	-	-	-	-	-
Service charges- electricity revenue	-	-	-	-	-	-
Service charges- water revenue	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-
service charges - refuse revenue	201,968	201,600	201,600	283,330	81,730	81,730
Service charges - other	-	-	-	-	-	-
Rental of facilities and equipment	253,770	271,000	271,000	303,161	32,161	32,161
Interest earned - external investments	5,121,209	3,860,465	2,290,063	3,273,313	(587,152)	983,250
Interest earned - outstanding debtors	894,633	868,640	720,904	1,268,136	399,496	547,232
Dividends received	-	-	-	-	-	-
Fines	1,709,650	1,915,100	1,473,156	1,606,000	309,100	132,844
Licenses and permits	3,707,490	4,082,520	3,674,268	3,882,020	(200,500)	207,752
Agency services	-	-	-	-	-	-
Government Grants and Subsidies	170,602,127	142,570,000	143,907,762	178,138,762	87,762	(1,250,000)
Other revenue	352,344	1,913,257	1,862,822	300,196	(1,613,061)	(1,562,626)
Gains on disposal of PPE	-	-	-	-	-	-
Public contributions and donations	53,262	-	-	107,497	107,497	107,497
Total Revenue (excluding capital transfers and contributions)	202,014,521	175,199,307	173,918,300	173,510,992	(1,688,315)	(407,308)

#### APPENDIX L: Conditional Grants Received (excluding MIG)

Conditional Grants: Excluding MIG 2018/2019					
Details	Original Budget	Adjustment Budget	Actual	Variance	
				Budget	Adjustment Budget
Finance Management Grant	1,900,000	1,900,000	1,900,000	-	-
Library Grant (Provincialisation)	1,469,000	1,469,000	1,469,000	-	-
Library Grant (Community)	188,000	188,000	188,000	-	-
Expanded Public Works Programme Grant	4,165,000	4,165,000	4,165,000	-	-

Planning Grant	1,000,000	1,000,000	1,000,000	-	-
Tourism Grant	-	1,250,000	1,250,000	-	-
TOTAL	8,722,000	9,972,000	9,972,000	-	-

APPENDIX M: Capital Expenditure-New & Upgrade/Renewal Programmes

(i) Capital Expenditure- New Assets Programme

APPENDIX N

CAPITAL PROGRAMME BY PROJECT YEAR 2018/2019

Capital Programme by Project Year 2018/2019					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act-Adj)	Variance (Act-OB)
Electricity	25,000,000	27,916,223	27,916,223	-	(2,916,223)
Mahlungulu Electrification	7,000,000	7,899,426	7,899,426	-	(899,426)
Roads Projects					
Mqobela road					
0,8 km of Library to Post Office black top road	2,850,000	3,483,450	3,483,450	-	(633,450)
1 km of IYK road layer works	4,750,000	4,422,614	4,113,729	308,885	636,271
Moses Zikhali gravel road	300,000	100,000	86,177	13,823	213,823
Othungwini Road	300,000	100,000	86,413	13,587	213,587
Community Centres	22,898,211	24,338,429	22,856,512	1,481,917	41,699
Manguzi Multipurpose Centre	5,000,000	6,299,790	6,299,790	-	(1,299,790)
Mvelabusha Community Centre	11,200,211	10,900,421	10,296,757	603,664	903,454
Manzibomvu Community Centre	3,349,000	3,789,218	2,981,154	808,064	367,846

# ORGANISATION ANNUAL PERFORMANCE SCORECARD 2018/2019

ANNUAL PERFORMANCE REPORT 2018/2019													
NATIONAL KEY PERFORMANCE AREA	IDP/SDBIP NO	OUTCOME 9	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	PROJECT NO	KEY PERFORMANCE INDICATORS	COMPARISON WITH PREVIOUS YEAR		CURRENT YEAR		Status (Achieved / Not Achieved)	Measures taken to improve performance	Portfolio of Evidence
							2017/2018 (TARGET)	2017/2018 (ACTUAL)	2018/2019 (TARGET)	2018/2019 (ACTUAL)			
							MUNICIPAL TRANSFORMATION AND INSTITUTIONAL	DEVELOPMENT					
Municipal Transformation and Institutional Development	MTID-01-18/19-CO-02	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and approval of the reviewed Organogram	1	Reviewed Organogram	Council Approved Organogram by 30 June 2018	Organogram for 2018/2019 reviewed and tabled to Council on 31 May 2018.	Council Approved reviewed Organogram by 30 June 2019	Reviewed Organogram approved by council on 30 May 2019	Target achieved	N/A	Council Resolution & Approved Organogram
Municipal Transformation and Institutional Development	MTID-01-18/19-CO-03	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Filling of vacant posts	2	Vacant positions filled	25 vacant position filled as per approved organogram by 30 June 2018	29 vacant positions filled	5 (Vacant positions filled by 31 December 2018 (Strategic Manager, Grader Operator, Snr Town Planner, Library Assistants x2)	9 (Vacant positions filled by 30 June 2019 (Strategic Manager, Grader Operator, Snr Town Planner, Library Assistants x2, PA MM, Cyber Cadet, Assistant Librarian, MM)	Target achieved	N/A	Adverts, Appointment Letters, Acceptance Letters
Municipal Transformation and Institutional Development	MTID-01-18/19-CO-04	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	3	Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act	Employment Equity Report submitted to Department of Labour in compliance to Employment Equity Act by 31 January 2018	Employment Equity Report submitted to department of labour on 12 January 2018	Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act by 31 January 2019	Employment Equity Report submitted to Department of Labour on 14 Jan 2019	Target achieved	N/A	Acknowledgement of receipt from the Department of Labour
Municipal Transformation and Institutional Development	MTID-01-18/19-CO-05	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	4	People from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan Act	4 People from employment equity target groups appointed in the three highest levels (Section Managers) in compliance to Approved Employment Equity Plan by 30 June 2018	4 people from employment equity target groups appointed (HR Manager, Deputy Director-Community, Public Safety Manager, Deputy Director-Corporate)	2 People from employment equity target groups appointed in the three highest levels (Section Managers) in compliance to Approved Employment Equity Plan by 30 June 2019	2 people have been appointed from EE groups (Snr Town Planner, Strategic Manager) by 30 June 2019	Target Achieved	N/A	Appointment letters and Acceptance letters
Municipal Transformation and Institutional Development	MTID-01-18/19-CO-07.1	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Review and approval of retention strategy	5	Reviewed and Council approved Retention Strategy	N/A	N/A	Reviewed and Council approved Retention Strategy by 30 June 2019	Reviewed Retention Strategy approved by council on 26 June 2019	Target achieved	N/A	Council Resolution and Reviewed Retention Strategy
Municipal Transformation and Institutional Development	MTID-01-18/19-CO-10	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Implementation of the Workplace skills plan	6	Percentage of municipality's payroll budget actually spent on implementing Workplace Skills Plan	1 % of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2018	0.38 % of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2018	1 % of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2019	3% of municipality's payroll budget actually spent on implementing Workplace Skills Plan by 30 June 2019	Target achieved	N/A	1 % Expenditure Reports on training vote

Municipal Transformation and Institutional Development	MTID-02-18/19-CO-11.1	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	7	Skills audit conducted	N/A	N/A	1 Skills audit conducted by 31 March 2019	1 Skills audited by 31 March 2019	Target achieved	N/A	Skills Audit Report and council resolution
Municipal Transformation and Institutional Development	MTID-02-18/19-CO-11.2	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	8	WSP submitted to LGSETA by date	Workplace Skills Plan submitted to LGSETA by 30 April 2018 and 1 Report on skills audit by 31 March 2018	Workplace Skills Plan submitted to LGSETA on 30 April 2018 and 1 skills audit report completed by 31 March 2018	WSP submitted to LGSETA by 30 April 2019	WSP submitted to LGSETA ON 30 April 2019	Target achieved	N/A	Proof of Submission to LGSETA & Council Resolution
Municipal Transformation and Institutional Development	MTID-02-18/19-CO-15	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	9	Review and approval of Human Resources Strategy by date	N/A	N/A	Review and approval of Human Resources Strategy by 31 December 2018	Human Resources Strategy approved by council on 26 June 2019	Target achieved	N/A	Draft Human Resource Strategy, Final Human Resources Strategy and council resolutions
Municipal Transformation and Institutional Development	MTID-02-18/19-CO-16	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	10	Review and approval of Human Resources Training Plan as per WSP by date	Council Approved Human Resource Training Plan by 30 September 2017	Human Resource Training Plan approved by council on 29 September 2017	Review and approval of Human Resources Training Plan as per WSP by 30 September 2018	Reviewed Human Resources Training Plan as per WSP approved by council on 26 July 2018	Target achieved	N/A	Council Resolution & approved H RTP
Municipal Transformation and Institutional Development	MTID-03-18/19-CO-21	Improved administrative and human resources management practices	To provide the optimal institutional structure to render effective and efficient services	Conclusion of performance agreements in terms of section 54/56 of MSA	11	(a) Section 54 & 56 2018/19 performance agreements signed and approved by council (b) Section 54 & 56 2019/20 Draft performance agreements submitted to ExCo	5 Section 54 and 56 Senior Managers 17/18 Performance Agreements signed and approved by Council on 28 July 2017 and submitted to CoGTA by 31 July 2017	5 Section 54 and 56 Senior Managers 17/18 Performance Agreements signed and approved by Council on 31 July 2017 and submitted to CoGTA by 31 July 2017	(a) 5 Section 54 & 56 18/19 Performance Agreements signed and approved by Council by 31 July 2018 (b) 5 Section 54 & 56 2019/20 Draft performance agreements submitted to ExCo	(a) 5 Section 54 & 56 18/19 Performance Agreements signed and approved by Council on 31 July 2018 (b) 5 Section 54 & 56 2019/20 Draft performance agreements submitted to ExCo	(a) Target achieved (b) Target achieved	N/A	Council Resolution and Exco resolution
Municipal Transformation and Institutional Development	MTID-03-18/19 FI-07	Improved administrative and human resources management practice	To manage and enhance the performance of the municipality	Submission of Quarterly/Mid-year/Annual performance reports to Council	12	Mid-Year(Sec 72) report compiled and submitted to Council	Council approved MID-Year Report (Section 72) submitted by 25 January 2018	Mid-Year Report approved by council on 22 January 2018	1 Mid-Year (Sec 72) Report submitted by 25 January 2019	1 Mid-Year (Sec 72) Report submitted by 25 January 2019	Target achieved	N/A	Mid-Year Report and Council Resolution
Municipal Transformation and Institutional Development	MTID-03-18/19 FI-09.2	Improved administrative and human resources management practice	To develop and maintain systems and procedures for effective and sound management of municipal finances	Submission of 2017/2018 AFS to Auditor General by date	13	Submitted 2017/18 AFS to AG	N/A	N/A	Submit 2017/18 AFS to AG 31 August 2018	2017/18 AFS submitted to AG by 31 August 2018	Target achieved	N/A	2017/18 AFS and proof of submission to AG
Municipal Transformation and Institutional Development	MTID-03-18/19 MM -05	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Quarterly Performance reports to Council	14	Council adopted quarterly performance reports	4 Quarterly Performance reports submitted to council by June 2018	4 Quarterly Performance reports submitted to council by June 2018	4 quarterly performance reports submitted to council by 30 June 2019	4 quarterly performance reports submitted to council by 30 June 2019	Target achieved	N/A	Quarterly Reports and Council resolutions



Municipal Transformation and Institutional Development	MTID-03-18/19 MM -06	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Annual performance reports to Council	15	2017/2018 Annual Performance Report submitted to Council	N/A	N/A	Submission of 2017/2018 Annual Performance Report to Council by 31 August 2018	2017/2018 Annual Performance Report submitted to Council on 31 August 2018	Target achieved	N/A	2017/2018 Annual Performance Report and Council resolution
Municipal Transformation and Institutional Development	MTID-03-18/19 MM -07	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Annual performance reports to AG	16	2017/2018 Annual Performance Report submitted to Auditor General			Submission of 2017/2018 Annual Performance Report to Auditor General by 31 August 2018	2017/2018 Annual Performance Report submitted to Auditor General by 31 August 2018	Target achieved	N/A	Proof of Submission
Municipal Transformation and Institutional Development	MTID-03-18/19 MM -08	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of 2017/18 Audited Annual report to Council	17	2017/18 Final Audited Annual report submitted to council	N/A	N/A	31-Jan-19	Final Audited Annual Report submitted to AG by 31 Jan 2019	Target achieved	N/A	Council resolution on adopted Final Annual Performance Report
Municipal Transformation and Institutional Development	MTID-03-18/19 MM -09	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Oversight reports to Council	18	Oversight report submitted to council			Oversight report submitted to council by 31 March 2019	Oversight report submitted to council on 27 March 2019	Target achieved	N/A	Council Resolution
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT													
Municipal Financial Viability and Management	MFV&M-02-18/19 FI-07	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Preparation and Submission of adjustment budget to council	19	Council approved budget adjustment	Approval of Adjustment Budget by Council on 28 February 2018	Adjustment Budget approved by Council on 26 February 2018	Council approved budget adjustment 28 February 2019	Budget adjustment approved by council on 25 February 2019	Target achieved	N/A	Adjustment budget and council resolution
Municipal Financial Viability and Management	MFV&M-02-18/19 FI-08	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Approval of annual budget	20	Council approved 2019/20 Annual budget	2018-2019 Annual budget approved by Council by 30 May 2018	2018-2019 Annual budget approved by Council on 28 May 2019	Council approved 2019/20 Annual budget by 30 May 2019	2019/20 Annual budget approved by council on 30 May 2019	Target achieved	N/A	Process Plan and Council resolution, Council Resolutions on draft Budget and Final Budget 2019-2020
Municipal Financial Viability and Management	MFV&M-02-18/19 FI-13.1	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Comply with financial reporting requirements as outlined in the MFMA	21	Unauthorized, irregular or fruitless and wasteful expenditure Reports submitted to council	N/A	N/A	4 Reports on Unauthorized, irregular or fruitless and wasteful submitted to council	4 Reports on Unauthorized, irregular or fruitless and wasteful submitted to council	Target achieved	N/A	Unauthorized, irregular or fruitless and waste and wasteful expenditure Reports and council resolutions
Municipal Financial Viability and Management	FVF&M-03-18/19 FI-14.2	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Implementation of revenue enhancement strategy	22	Revenue Collection	N/A	N/A	95% of budgeted revenue collected by 30 June 2019	66% of budget revenue collected by 30 June 2019	Target not achieved	The municipality has engaged debt collectors and Ingonyama Trust to improve revenue collection	Proof of revenue collected
Municipal Financial Viability and Management	FVF&M-03-18/19 FI-15	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Adoption and implementation of revenue enhancement strategy	23	Council adopted revenue enhancement strategy	Council approved Revenue enhancement strategy by 30 June 2018	Revenue Enhancement Strategy approved by council on 28 June 2018	Council adopted revenue enhancement strategy 30 June 2019	Revenue Enhancement Strategy adopted by council on 30 June 2019	Target achieved	N/A	Revenue enhancement strategy and Council Resolution
Municipal Financial Viability and Management	FVF&M-03-18/19 FI-16	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Approval of Supplementary Valuation Roll by Council	24	Approved Supplementary Valuation Roll by Council	Council approved Supplementary Valuation Roll by 30 June 2018	Supplementary Valuation Roll approved by council on 27 November 2017	Approved Supplementary Valuation Roll by Council by 30 June 2019	Supplementary Valuation Roll approved by Council on 30 May 2019	Target achieved	N/A	Council Resolution and Approved SVR

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (BUILDINGS)													
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-TS1	Improved Access to Basic Services	To provide and improve access to community/public facilities to minimum standards	Construction of the multi-purpose/community Centre	25	Completion of 1500m² roof structure of Manguzi Multi-purpose Centre	Completion of 1500m² of Manguzi Multi-purpose by 30 June 2018, with Engineers completion certificate	0 M² of Manguzi-Multi-purpose Centre completed by 30 June 2018	1500m² of roof structure completed for Manguzi Multi-purpose Centre	1500m² of roof structure completed for Manguzi Multi-purpose Centre	Target achieved	N/A	Copy of advert, copy of appointment letter and Project Progress Reports
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-TS2	Improved Access to Basic Services	To provide and improve access to community/public facilities to minimum standards	Construction of the community Centre	26	Completion of Community Centre (Mvelabusha)	N/A	N/A	290m² of Mvelabusha community Centre completed with engineers completion certificate by 30 June 2019	290m² of Mvelabusha community Centre completed with engineers completion certificate by 30 June 2019	Target achieved	N/A	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-TS3	Improved Access to Basic Services	To provide and improve access to community/public facilities to minimum standards	Construction of community Centre	27	Completion of Community Centre (Manzibomvu)	Completion of 290m² of Manzibomvu community Centre by 30 June 2018 with engineers completion Certificate.	0 M² of Manzibomvu Community Centre completed by 30 June 2018	290m² of Manzibomvu community Centre completed with engineers completion certificate by 30 June 2019	290m² of Manzibomvu community Centre completed with engineers completion certificate by 30 June 2019	Target achieved	N/A	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (ROADS)													
Basic Service Delivery and Infrastructure Development	BSDID-05-18/19-TS 4	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabyalingana	Construction of roads (Library to post office black top road)	28	Completion of (Library to post office black top road)	N/A	N/A	0,8 km of Library to Post Office black top road completed by 30 June 2019 with engineers completion certificate.	0,7 km of Library to Post Office black top road completed	Target not achieved (due to discovery of spring water in the middle of the road)	The matter has been taken to council for decision, reprioritization and allocation of the budget to complete the project in 2019/20 financial year	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
Basic Service Delivery and Infrastructure Development	BSDID-05-18/19-TS 5	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabyalingana	Construction of tarred road (IYK)	29	Road layerworks completed for IYK tarred road	N/A	N/A	1 km of road layer works completed for IYK tarred road	1 km of road layer works completed for IYK tarred road	Target achieved	N/A	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
Basic Service Delivery and Infrastructure Development	BSDID-05-18/19-TS 6	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabyalingana	Construction of gravel road (Moses Zikhali)	30	Completion of gravel road (Moses Zikhali)	N/A	N/A	2km of Moses Zikhali gravel road completed by 30 June 2019 with engineer's Completion certificate.	3.4 km of Moses Zikhali gravel road completed by 30 June 2019 with engineer's completion certificate.	Target achieved	N/A	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate

Basic Service Delivery and Infrastructure Development	BSDID-05-18/19-TS 7	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of gravel road (Othungwini)	31	Completion of gravel road (Othungwini)	N/A	N/A	Completed 0,5km Othungwini Road by 30 June 2019 with engineer's completion certificate.	0,5km of Othungwini Road completed by 30 June 2019 with engineer's completion certificate.	Target achieved	N/A	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
Basic Service Delivery and Infrastructure Development	BSDID-05-18/19-TS 8	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of Causeway (Post Office)	32	Completion of causeway (Post Office)	N/A	N/A	8 meters of Post Office Causeway completed	8 meters of Post Office Causeway completed by 30 June 2019	Target achieved	N/A	Copy of Adverts, copy of appointment letter, progress reports, completion certificate
Basic Service Delivery and Infrastructure Development	BSDID-05-18/19-TS 9	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of Mqobela gravel road	33	Completion of gravel road (Mqobela)	N/A	N/A	3 km of Mqobela Road completed by 30 June 2019 with engineers completion certificate	5.2 km of Mqobela Road completed by 30 June 2019 with engineers completion certificate	Target achieved	N/A	Copy of Adverts, copy of appointment letter, Progress Reports and completion certificate
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (ELECTRIFICATION)													
Basic Service Delivery and Infrastructure Development	BSDID-03-18/19-TS10	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabyalingana municipality	Electrification of households (Mahlungulu electrification)	34	Completion of Mahlungulu electrification project	280 households electrified at Mahlungulu with engineers close-out report by 30 June 2018	308 households electrified at Mahlungulu with engineers close-out report by 30 June 2018	300 households electrified at Mahlungulu Extension with engineers close-out report by 30 June 2019	162 households electrified at Mahlungulu Extension by 30 June 2019	Target not achieved. (The remaining 138 households were not electrified due to delays in issuing of outage dates by Eskom)	The municipality engaged with Eskom with regard to outage dates and the remaining 138 households will be electrified during the 1st quarter of 2019/20 Financial year.	Advert, Appointment letter, Project Progress Reports and Engineers close-out report
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (INFRASTRUCTURE, MAINTENANCE AND ELECTRICITY PLAN)													
Basic Service Delivery and Infrastructure Development	BSDID-02-18/19-TS 12	Improved Access to Basic Services	To develop long term infrastructure development plans	Review Infrastructure and maintenance plan	35	Reviewed and approved Infrastructure and maintenance plan	Reviewed infrastructure and maintenance plan by 30 June 2018	Reviewed infrastructure and maintenance plan approved by Council on 29 September 2017	Reviewed and approved Infrastructure and maintenance plan by 30 September 2018	Reviewed Infrastructure and maintenance plan approved on 29 September 2018	Target achieved	N/A	(a) Council resolution (b) Reviewed infrastructure maintenance plan
Basic Service Delivery and Infrastructure Development	BSDID-02-18/19-TS 13	Improved Access to Basic Services	To develop long term infrastructure development plans	Review 3 year electricity plan	36	Submission of reviewed 3 year electricity plan to Department of Energy	One three-year electricity plan submitted to department of energy	3 year electricity plan prepared and submitted to department of energy	Reviewed 3 year electricity plan submitted to Department of Energy by 30 September 2018	Reviewed 3 year electricity plan submitted to Department of Energy on 02 July 2018	Target achieved	N/A	(a) 3 year electricity plan (b) proof of submission
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (WASTE MANAGEMENT AND INDIGENT)													
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS3	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	37	Reviewed Integrated waste management plan	1 Waste management policy, IWMP and review of tariffs	1 Waste management policy, IWMP and tariffs reviewed by council on 30 May 2018	Reviewed Integrated waste management plan by 30 June 2019	Integrated Waste Management Plan reviewed by 30 May 2019	Target achieved	N/A	Integrated Waste Management Plan and Council Resolution

Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS4	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	38	Licensing of Manguzi landfill site	4-reports on registration of landfill sites and 2 licenses obtained by 30 June 2018	4 Reports compiled on registration of landfill sites and 2 licenses obtained by 30 June 2018	Licensing of Manguzi landfill site by 30 June 2019	Licensing of Manguzi landfill site was completed by March 2019	Target achieved	N/A	advert, appointment letter and licensing certificate
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS6	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	39	Households with access to waste removal	N/A	N/A	2% of Households with access to waste removal by 30 June 2019	2% of Households had access to waste removal by 30 June 2019	Target achieved	N/A	Daily collection list
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS12	Improved Access to Basic Services	Enhance safety and security	Review of Community Safety Plan	40	Reviewed Community Safety Plan	Council approved community safety plan by 30 June 2018	Community Safety Plan adopted by council on 28 May 2018	Reviewed and approved Community Safety Plan by 30 June 2019	Community Safety reviewed and approved by council on 26 June 2019	Target achieved	N/A	Final Community Safety Plan and council resolution
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS8	Improve access to basic service delivery	Improve access to basic services	Review and approval of indigent policy	41	Reviewed and approved indigent policy	Updated indigent register and Policy, Council Resolution and Quarterly Reports by 30 June 2018	1 Updated Indigent Register and Policy adopted and quarterly reports by council on 28 June 2018	Reviewed and approved of indigent policy by 30 June 2019	Indigent Policy reviewed and approved by council on 26 June 2019	Target achieved	N/A	Reviewed Indigent Policy and Council resolution
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS9	Improve access to basic service delivery	Improve access to basic services	Updating and Approval of Final indigent register 2019/2020	42	Updated and approved indigent register	Updated indigent register and Policy, Council Resolution and Quarterly Reports by 30 June 2018	1 Updated Indigent Register and Policy adopted and quarterly reports by council on 28 June 2018	Updated and approved indigent register by 30 June 2019	Indigent Register was not updated and approved by council (the advertisement inviting the community to be a the municipal indigent register was done in February but there were no responses from the community)	Target not achieved	Community Services department will engage ward councilors and ward committees to assist with identifying of indigent families in their respective wards	Updated indigent register and Council Resolution
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS10	Improve access to basic service delivery	Improve access to basic services	Provision of free basic services	43	Households earning less than R3 350 per month with access to basic free services (electricity)	N/A	N/A	520 households earning less than R3 350 per month with access to basic free services (electricity) by 30 June 2019	520 households earning less than R3 350 per month had access to basic free services (electricity) by 30 June 2019	Target achieved	N/A	Quarterly reports
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (ROAD SAFETY)													
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS11	Improved Access to Basic Services	To promote road safety	Provision of protection services	44	Vehicles Stopped and Checked	18000 Vehicles Stopped and Checked by 30 June 2018	22285 Vehicles Stopped and Checked by 30 June 2018	18000 Vehicles Stopped and Checked	23 576 vehicles stopped and checked	Target achieved	N/A	daily crime return
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS13	Improved Access to Basic Services	To promote road safety	Provision of protection services	45	Alcohol operations conducted	N/A	N/A	12 alcohol operations conducted	19 alcohol operations conducted	Target achieved	N/A	Daily crime return and reports
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS14	Improved Access to Basic Services	To promote road safety	Provision of protection services	46	Vehicles screened for speed	9000 Vehicles Screened for Speed Timing by 30 June 2018	10929 Vehicles Screened for Speed Timing by 30 June 2018	9000 Vehicles screened for speed by 30 June 2019	11 117 vehicles screened for speed by 30 June 2019	Target achieved	N/A	Daily crime return
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19- CS15	Improved Access to Basic Services	To promote road safety	Provision of protection services	47	Multi-Disciplinary Roadblocks conducted	24 Multidisciplinary Roadblocks conducted by 30 June 2018	31 Multidisciplinary Roadblocks conducted by 30 June 2018	24 Multi-Disciplinary Roadblocks conducted by 30 June 2019	41 Multi-Disciplinary roadblocks conducted by 30 June 2019	Target achieved	N/A	Report and attendance registers

Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS16	Improved Access to Basic Services	To promote road safety	Provision of protection services	48	Direct Charges issued for Drunken/Speed Driving	60 Direct Charge issued for Drunken Driving/Speed by 30 June 2018	101 Direct Charge issued for Drunken Driving/Speed by 30 June 2018	60 Direct Charges issued for Drunken/Speed Driving by 30 June 2019	100 Direct Charges issued for Drunken/Speed Driving by 30 June 2019	Target achieved	N/A	Direct Charge forms
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS17	Improved Access to Basic Services	To promote road safety	Conduct routine roadside roadblocks	49	Routine road side roadblocks conducted	720 routine roadside roadblocks by 30 June 2018	863 routine roadside roadblocks conducted by 30 June 2018	720 routine roadside roadblocks by 30 June 2019	900 routine roadside roadblocks by 30 June 2019	Target achieved	N/A	Monthly/daily crime return
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS18	Improved Access to Basic Services	To promote road safety	Conduct Speed operations	50	Speed operations conducted	240 speed operations conducted by 30 June 2018	302 speed operations conducted by 30 June 2018	240 speed operations conducted by 30 June 2019	412 speed operations conducted by 30 June 2019	Target achieved	N/A	Monthly/daily crime return
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS19	Improved Access to Basic Services	To promote road safety	Hold safety forum meetings	51	Community safety forum meetings held	4 Community Road Safety Forums attended by 30 June 2018	2 Community Road Safety meetings held on 17 October 2017 and 22 May 2018	4 community safety forums meetings held by 30 June 2019	2 Community safety forums meetings held by 30 June 2019 due to poor attendance by forum members	Target not achieved	The municipality will strengthen CSF structures by engaging ward councillors and ward committees and KZN Dept. of Community Safety	Attendance Register and minutes
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS20	Improved Access to Basic Services	To promote road safety	Hold road safety awareness campaigns	52	Road safety awareness campaigns held	12 road safety awareness campaigns 30 June 2018	15 road safety awareness campaigns held by 30 June 2018	24 road safety awareness campaign held by 30 June 2019	26 road safety awareness campaign held by 30 June 2019	Target achieved	N/A	Reports and attendance register
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS21	Improved Access to Basic Services	To promote road safety	Conduct high visibility patrol	53	Kilometers patrolled	N/A	N/A	20 400 kilometers patrolled by 30 June 2019	58 538 kilometers patrolled by 30 June 2019	Target achieved	N/A	Monthly/daily crime return
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (LEARNERS AND DRIVING LICENCES)													
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS22	Improved Access to Basic Services	To promote road safety	Provision of protection services	54	Learners Driver's License issued	3960 Learners License Issued by 30 June 2018	3106 Learners Licence Issued by 30 June 2018	3000 Learners Licence Issued by 30 June 2019	2 844Learners Licence Issued by 30 June 2019	Target not achieved (Number of days lost due to eNatis being offline and Load shading)	The municipality is in the process of installing a wireless network and backup generator	System generated report (Licence pro report)
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS23	Improved Access to Basic Services	To promote road safety	Provision of protection services	55	Applicants tested for driving	5400 Applicants Tested for Driving Licenses by 30 June 2018	6023 Applicants Tested for Driving Licences by 30 June 2018	5400 Applicants Tested for Driving Licences by 30 June 2019	5 255 Applicants Tested for Driving Licences by 30 June 2019	Target not achieved (Number of days lost due to eNatis being offline and Load shading)	The municipality is in the process of installing a wireless network and backup generator	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS24	Improved Access to Basic Services	To promote road safety	Provision of protection services	56	Temporary Driving Licenses Issued	880 Temporary Driving Licence Issued by 30 June 2018	806 Temporary Driving Licence Issued by 30 June 2018	600 Temporary Driving Licences Issued by 30 June 2019	1 101 Temporary Driving Licences Issued by 30 June 2019	Target achieved	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS25	Improved Access to Basic Services	To promote road safety	Provision of protection services	57	Duplicate Learners Licence Issued	96 duplicate learners issued by 30 June 2018	85 duplicate learners issued by 30 June 2018	96 duplicate learners licenses issued by 30 June 2019	57 duplicate learners licences issued by 30 June 2019	Target not achieved (Number of days lost due to eNatis being offline and Load shading)	The municipality is in the process of installing a wireless network and backup generator	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS26	Improved Access to Basic Services	To promote road safety	Provision of protection services	58	PrDP issued	900 Professional Driving Permit (PrDP) issued by 30 June 2018	912 Professional Driving Permit (PrDP) issued by 30 June 2018	800 Professional Driving Permit (PrDP) issued by 30 June 2019	851 Professional Driving Permit (PrDP) issued by 30 June 2019	Target achieved	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS27	Improved Access to Basic Services	To promote road safety	Provision of protection services	59	Vehicle licenses renewed	N/A	N/A	360 Vehicle licences renewed by 30 June 2019	1 319 vehicle licences renewed by 30 June 2019	Target achieved	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS28	Improved Access to Basic Services	To promote road safety	Provision of protection services	60	Drivers Licences renewed	1320 Drivers Licences Renewed by 30 June 2018	1455 Drivers Licences Renewed by 30 June 2018	1 200 Drivers Licences Renewed by 30 June 2019	1 785 Drivers Licences Renewed by 30 June 2019	Target achieved	N/A	System generated report (eNatis report)

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (LIBRARY)													
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS29	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	61	Promotion conducted on library services	08 promotions conducted by 30 June 2018	12 promotions conducted by 30 June 2018	10 library services promotions conducted by 30 June 2019	12 library services promotions conducted by 30 June 2019	Target achieved	N/A	Attendance Register
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS30	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	62	Audio visuals circulated	480 audio visuals circulated by 30 June 2018	762 audio visuals circulated by 30 June 2018	480 audio visuals circulated by 30 June 2019	746 audio visuals circulated by 30 June 2019	Target achieved	N/A	System Generated Report
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS31	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	63	Books circulated	12800 books circulated by 30 June 2018	17 533 books circulated by 30 June 2018	12 950 books circulated by 30 June 2019	17 533 books circulated by 30 June 2019	Target achieved	N/A	System Generated Report
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS32	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	64	Library Users with access to internet	720 users with access to internet by 30 June 2018	3 285 users with access to internet by 30 June 2018	720 library users with access to internet by 30 June 2019	3 282 library users with access to internet by 30 June 2019	Target achieved	N/A	Daily signed register
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS33	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	65	Books exchanged	8 book exchange by 30 June 2018	8 book exchange by 30 June 2018	10 book exchange by 30 June 2019	09 book exchange by 30 June 2019 due to delays in the opening of Skhemelele library	Target not achieved	N/A	List of books exchanged
Basic Service Delivery and Infrastructure Development	BSDID-07-18/19-CS34	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	66	People trained on basic computer skills	360 people trained on basic computer skills by 30 June 2018	459 people trained on basic computer skills by 30 June 2018	360 people trained on basic computer skills by 30 June 2019	457 people trained on basic computer skills by 30 June 2019	Target achieved	N/A	Daily signed register
CROSS CUTTING INTERVENTIONS													
Cross Cutting Interventions	CCI-04-18/19-CS4	Single Window of Coordination	To prevent and reduce the impact of disasters in Umhlabyalingana	Review of disaster management plan	67	Reviewed Disaster Management Plan	Council approved Reviewed Disaster Management Plan by 30 June 2018	Council approved Reviewed Disaster Management Plan on 28 May 2018	Reviewed Disaster Management Plan by 30 June 2019	Reviewed Disaster Management Plan adopted council on 26 June 2019	Target achieved	N/A	Council Resolution and Reviewed Disaster Management Plan
Cross Cutting Interventions	CCI-03-18/19-CO-4	Single window of coordination	To pro-actively identify and address potential risks that may affect the functioning of the organization	Review Business Continuity Plan	68	Reviewed Business Continuity Plan	Council approved reviewed business continuity plan by 30 June 2018	Business Continuity Plan approved tabled and approved by council on 26 April 2018	Reviewed Business Continuity Plan by 30 June 2019	Business Continuity Plan not reviewed due to lack of capacity	Target not achieved	Municipality will request assistance from Provincial Treasury during 2019/20 FY	IT Steering Committee minutes, Council resolution, Reviewed Business Continuity Plan
Cross Cutting Interventions	CCI-01-18/19-TS1	Differentiated Approach to Municipal Financing, Planning & Support	To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development framework (SDF)	69	Council approved reviewed Spatial Development framework (SDF)	Council approved reviewed SDF by 30 June 2018	SDF approved by council on 28 June 2018	Reviewed Spatial Development framework (SDF) by 30 June 2019	Reviewed Spatial Development framework (SDF) tabled to council on 26 June 2019	Target achieved	N/A	Inception Report, Draft reviewed SDF, Final Reviewed SDF
Cross Cutting Interventions	CCI-02-18/19-TS2	Differentiated Approach to Municipal Financing, Planning & Support	To promote development of efficient and sustainable settlement pattern	Develop Farm Zama Zama Precinct Plan	70	Council approved Farm Zama Zama Precinct Plan	N/A	N/A	Council approved Farm Zama Zama Precinct Plan by 30 June 2019	Farm Zama Zama Precinct Plan not approved by council due to late transfer of grant by Cogta to the municipality which caused delays in the appointment of the consultant to compile the plan	Target not achieved	Target migrated to the second quarter of 2019/2020 financial year	Inception Report, Draft Precinct Plan, Council Resolution, approved Farm Zama Zama Precinct Plan
Cross Cutting Interventions	CCI-03-18/19 MM-01	Single window of co-ordination	To implement and maintain compliant, effective and efficient risk management system and processes	To ensure effective risk management	71	(a) Risk assessments conducted (b) Risk management committee meetings held	1 Risk assessment conducted by 30 September 2017	Risk assessment and workshop was conducted in October 2017	(a) 2 risk assessments conducted by 30 June 2019 (b) 4 risk management committee meetings held by 30 June 2019	(a) 2 risk assessments conducted on 12-13 June and 24 June 2019 (b) 1 risk management committee meeting held by 30 June 2019 due to resignation of the Risk Management Committee chairperson	(a) Target achieved (b) Target not achieved	Interviews and appointment of the new Risk Management chairperson will be held in Q1 of new FY	(a) Risk Register (b) Minutes and Attendance Registers

Cross Cutting Interventions	CCI-03-18/19 MM-02	Single window of co-ordination	To pro-actively identify and address potential risks that may affect the functionality of the organisation	Preparation of updated Risk Management Implementation Plan	72	Updated Risk Management Implementation Plan approved by Risk Management Committee	N/A	N/A	Updated Risk Management Implementation Plan approved by Risk Management Committee by 30 September 2018	Updated Risk Management Implementation Plan approved by council on 01 Oct 2018	Target achieved	N/A	Risk Management Implementation Plan and Risk Management Committee minutes
GOO GOVERNANCE AND PUBLIC PARTICIPATION													
Good Governance and Public Participation	GGPP-03-18/19 FI-01	To improve Municipal Finance and Administrative Capability	To be fully compliant with the regulations	Submission of Quarterly SCM reports to Council	73		4 SCM Report submitted to council by 30 June 2018	4 SCM Reports submitted to council by 30 June 2018		4 Quarterly SCM reports submitted to Council by 30 June 2019	Target achieved	N/A	Council resolutions and 4 SCM reports
Good Governance and Public Participation	GGPP-01-18/19 MM-10	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Table Municipal Public Accounts Committee reports to Council	74	Municipal Public Accounts Committee reports tabled to council	4 Municipal Public Accounts Reports tabled to Council by 30 June 2018	4 Municipal Public Accounts Reports tabled to Council by 30 June 2018	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2019	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2019	Target achieved	N/A	4 MPAC Reports and Council Resolution
Good Governance and Public Participation	GGPP-01-18/19 MM-12	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Internal Audit Report to Audit Committee	75	Internal audit reports submitted to Audit Committee	N/A	N/A	4 Internal audit reports submitted to Audit Committee by 30 June 2019	4 Internal audit reports submitted to Audit Committee by 30 June 2019	Target achieved	N/A	Internal Audit Reports
Good Governance and Public Participation	GGPP-01-18/19 MM-13	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Audit Committee Reports to Council	76	Audit Committee Reports submitted to council	4 Internal audit reports tabled to Audit Committee by 30 June 2018	8 Internal audit reports tabled to Audit Committee by 30 June 2018	4 Audit Committee Reports submitted to council by 30 June 2019	4 Audit Committee Reports submitted to council by 30 June 2019	Target achieved		4 audit committee reports and council resolutions
Good Governance and Public Participation	GGPP-01-18/19 MM-16	Single Window of Coordination	To develop a credible IDP in terms of short medium-term guide for development and service delivery	Compile a credible 2019/20 IDP	77	Council approved 2019/20 IDP	Council approved 2018/19 reviewed IDP and reviewed IDP/Budget/OPMS process plan by 30 June 2018	2018/19 reviewed IDP approved by council on 28 June 2018 and reviewed IDP/Budget/OPMS process plan approved by council on 30 August 2017	Council approved 2019/20 IDP by 30 June 2019	2019/20 IDP approved by council on 26 June 2019	Target achieved	N/A	Council Resolution, approved 19/20 Reviewed IDP
Good Governance and Public Participation	GGPP-01-18/19 MM-19	Single Window of Co-ordination	To Obtain and sustain improved and clean Audit Opinion	Design and implement a credible action plan on 2017/18 AG findings	78	Action Plans implemented on 2017/18 AG findings	N/A	N/A	100% of 2017/18 AG Action Plans implemented by 30 June 2019	100% of 2017/18 AG Action Plans implemented by 30 June 2020	Target achieved	N/A	Updated Action Plan and Progress Reports
Good Governance and Public Participation	GGPP-01-18/19 MM-20	Single Window of Co-ordination	Ensure Functional Performance Management System implemented	Compilation and submission of B2B reports and Support Plans	79	B2B quarterly performance report and support plans submitted to Provincial Cogta	N/A	N/A	4 B2B quarterly performance report and support plans submitted to Provincial Cogta by 30 June 2019	4 B2B quarterly performance report and support plans submitted to Provincial Cogta by 30 June 2019	Target achieved	N/A	Quarterly reports, Proof of submission
Good Governance and Public Participation	GGPP-01-18/19 MM-06	Single Window of Coordination	To provide adequate customer care to uMhlabyalingana community	Review Batho Pele Policy, Procedure Manual and Service delivery charter	80	Reviewed and adopted Batho Pele policy, procedure manual and Service delivery charter	Council approved the Batho Pele policy and procedure manual by 30 June 2018	Batho Pele policy and procedure manual approved by council on 28 June 2018	Reviewed and adopted Batho Pele policy, procedure manual and Service delivery charter by 30 June 2019	Reviewed Batho Pele policy, procedure manual and Service delivery charter adopted council on 26 June 2019	Target achieved	N/A	Batho Pele policy, Procedure manual, Service delivery charter and council resolution
Good Governance and Public Participation	GGPP-01-18/19 MM-08	Single Window of Coordination	To provide adequate customer care to uMhlabyalingana community	Revision of Communication Strategy	81	Reviewed Communication Strategy	Council Approved reviewed communication strategy by 30 June 2018	Communication Strategy approved by council on 28 June 2018	Reviewed Communication Strategy by 30 June 2019	Reviewed Communication Strategy approved council on 26 June 2019	Target achieved	N/A	Council resolution, Reviewed communication strategy
Good Governance and Public Participation	GGPP-01-18/19 MM-05	Single Window of Coordination	To provide adequate customer care to uMhlabyalingana community	Revision, approval of customer care policy, Complaints Management policy	82	Reviewed and council approved Customer Care policy, Complaints Management policy	N/A	N/A	Reviewed and council approved Customer Care policy, Complaints Management policy by 30 June 2019	Reviewed Customer Care policy, Complaints Management policy approved by council on 26 June 2019	Target achieved	N/A	Customer Care policy and Council resolution



Good Governance and Public Participation	GGPP-01-18/19 MM-03	Single Window of Co-ordination	To strengthen partnership with various stakeholders through communicating municipal business	Communication with stakeholders using print and electronic media	83	Radio slots broadcasted	4 radio slots broadcasted by 30 June 2018	5 radio slots broadcasted by 30 June 2018	4 radio slots broadcasted by 30 June 2019	4 radio slots broadcasted by 30 June 2019	Target achieved	N/A	Invoices
Good Governance and Public Participation	GGPP-01-18/19 MM-14	Single Window of Co-ordination	To promote participative, facilitative and accountable governance	Holding of public participation meetings	84	Public Participation Meetings on Annual Report	3 Public Participation Meetings on Annual Report by 31 March 2018	4 Public Participation Meetings on Annual Report held by 31 March 2018 (9, 12, 13, 14 Feb 2018)	4 Public Participation Meetings on Annual Report by 30 June 2019	4 Public Participation meetings held on Annual Report by 30 June 2019	Target achieved	N/A	Reports with Attendance Registers
Good Governance and Public Participation	GGPP-01-18/19 MM-18	Single Window of Co-ordination	To develop a credible IDP in terms short medium-term guide for development and service delivery	Holding of consultative engagements in respect of IDP/Budget review	85	IDP/Budget review community consultation meetings conducted	3 IDP/Budget, Community Consultation meetings conducted by 30 June 2018	4 IDP/Budget consultation meetings held on 17 April at Skhemelele, 18 April at Manzengwenya, 19 April at Mahlakwe and 20 April 2018 at Mshudu	4 IDP/Budget review community consultation meetings conducted by 30 June 2019	4 IDP/Budget review community consultation meetings conducted by 30 June 2019	Target achieved	N/A	Reports with Attendance Registers
Good Governance and Public Participation	GGPP-01-18/19 MM-18.1	Single Window of Co-ordination	To develop a credible IDP in terms short medium-term guide for development and service delivery	Holding of consultative engagements in respect of IDP	86	IDP review community consultation meetings conducted	3 IDP review, Community Participation by 31 December 2017	4 IDP review community participation meetings conducted by 31 December 2017	4 IDP review community consultation meetings conducted by 30 June 2019	4 IDP review community consultation meetings conducted by 30 June 2019	Target achieved	N/A	Reports with Attendance Registers
Good Governance and Public Participation	GGPP-01-18/19 MM-21	Single Window of Co-ordination	Development Of a Credible IDP	Revision of a Credible Integrated Development Plan	87	2018/2019 Annual Strategic Planning Session held	1 strategic planning held by 31 December 2017	Strategic planning held on 05-06 December 2017	2018/2019 Annual Strategic Planning Session held by 31 December 2019	2 Strategic planning Sessions held on August 2018 and 10-12 March 2019	Target achieved	N/A	Agenda/ minutes/ invitation
Good Governance and Public Participation	GGPP-04-18/19 CS13	Governance and Policy	To promote participative, facilitative and accountable governance	Holding of ward committee meetings	88	Ward committee meetings held	216 ward committees meetings held, 12 reports submitted and 4 joint ward committee held by 30 June 2018	216 ward committees meetings held by 30 June 2018	216 ward committee meetings held by 30 June 2019	216 ward committee meetings held by 30 June 2019	Target achieved	N/A	Attendance registers and minutes
Good Governance and Public Participation	GGPP-04-18/19 CS14	Governance and Policy	To promote participative, facilitative and accountable governance	Holding of joint ward committee meetings	89	Joint ward committee meetings held	4 joint ward committee meetings held by 30 June 2018	4 joint ward committee meetings held by 30 June 2018	4 Joint ward committee meetings held by 30 June 2019	3 Joint ward committee meetings held by 30 June 2019 due to poor logistical arrangements	Target not achieved	Proper planning and dates have been designed and circulated to all stakeholders	Minutes and attendance registers
Good Governance and Public Participation	GGPP-04-18/19 CS15	Governance and Policy	to promote participative, facilitative and accountable governance	Compilation of ward committee reports	90	Ward committee reports compiled and submitted to Cogta	N/A	N/A	12 ward committee reports compiled and submitted to Cogta by 30 June 2019	12 ward committee reports compiled and submitted to Cogta by 30 June 2019	Target not achieved	N/A	ward committee reports and proof of submission
SOCIAL AND ECONOMIC DEVELOPMENT													
Social and Economic Development	SED-09-18/19 TS-9	Single Window of Co-ordination	To create an environment conducive for investment and economic growth	Review of LED Strategy	91	Reviewed and adopted LED Strategy	N/A	N/A	Reviewed and adopted LED Strategy by 30 June 2019	LED Strategy reviewed and adopted by council on 30 May 2019	Target achieved	N/A	LED Strategy and council resolution
Social and Economic Development	SED-11-18/19 TS-11	Single Window of Co-ordination	To promote development of efficient and sustainable settlement pattern	To develop Kosi Bay Border Integrated Economic Development Plan	92	Council approved Kosi Bay Border Integrated Economic Development Plan	N/A	N/A	Council approved Kosi Bay Border Integrated Economic Development Plan by 30 June 2019	Kosi Bay Border Integrated Economic Development Plan approved by council on 30 June 2019	Target achieved	N/A	Appointment letter, Inception Report, Draft Plan, Council Resolution, approved Kosi Bay Border Integrated Economic Development Plan



Social and Economic Development	SED-12-18/19 TS 12	Single Window of Coordination	To promote development of efficient and sustainable settlement pattern	To develop Banganek community beach plan	93	Council approved Banganek community beach development plan	N/A	N/A	Council approved Banganek community beach development plan by 30 June 2019	Banganek community beach development plan approved by council on 30 June 2020	Target achieved	N/A	Appointment letter and council resolution
Social and Economic Development	SED-13-18/19 TS 13	Single Window of Coordination	To promote development of efficient and sustainable settlement pattern	To develop East3route Environmental Impact Assessment Report	94	East3route environmental impact assessment report	N/A	N/A	East3route environmental impact assessment report developed by 30 June 2019	East3route environmental impact assessment report developed and approved by council on 26 June 2019	Target achieved	N/A	Advert, Appointment letter and Council Resolution

